UNITED
NATIONS

A

General Assembly

Distr.
GENERAL

A/45/652
23 October 1990

ORIGINAL: ENGLISH

Forty-fifth session
Agenda items 108 and 118

INTERNATIONAL ACTION TO COMBAT DRUG ABUSE AND ILLICIT TRAFFICKING

PROGRAMME BUDGET FOR THE BIENNIUM 1990-1991

Enhancement of the efficiency of the United Nations structure for drug abuse control

Report of the Secretary-General

1. The present report deals with the enhancement of the efficiency of the United Nations structure for drug abuse control and is submitted in accordance with General Assembly resolution 44/141 of 15 December 1989. In that resolution the Assembly requested the Secretary-General to select a limited number of experts from developed and developing countries to advise and assist him for a maximum period of one year, in full co-operation with United Nations officials, in order to enhance the efficiency of the United Nations structure for drug abuse control, taking into account the ability of the United Nations to perform its increasing tasks in the light of existing mandates and of decisions adopted by the Assembly at its special session. The Assembly took its decision recognizing that the new dimensions taken on by the drug menace would necessitate a more comprehensive approach to international drug control and a more co-ordinated structure in this field in order to enable the United Nations to play the central and greatly increased role necessary for countering this threat.

2. Convinced that action against drug abuse and illicit production of and trafficking in narcotic drugs and psychotropic substances should, as a shared responsibility, be accorded a higher priority by the international community and convinced also that the United Nations should be the main focus for concerted action and should play an enhanced role in that field, the General Assembly at its seventeenth special session adopted, in resolution S-17/2 of 23 February 1990, a Global Programme of Action. In paragraph 93 of the Programme the Assembly stated that intensification of efforts at the national level and increased intergovernmental co-operation required a commensurate strengthening of the United

best copy available

Nations drug control organs and their secretariats. It was against that background that the functioning of the United Nations structure for drug abuse control needed to be reviewed and assessed, in accordance with the mandate given to the Secretary-General by the Assembly in paragraph 4 of its resolution 44/141, for the purpose of identifying alternative structural possibilities, the end result being the establishment of a stronger, more efficient United Nations drug control structure with enhanced status.

3. The Secretary-General selected 15 experts to assist him in the tasks enumerated in paragraph 4 of resolution 44/141. The Group of Experts held a number of meetings during three sessions at Vienna in May, June and July 1990. On 27 July 1990, the Chairman of the Group submitted the Group's report to the Secretary-General. The report of the Group may be found in the addendum to the present report (A/45/652/Add.1).

4. The Secretary-General welcomes the careful work accomplished by the Group, the thorough analysis it carried out, the conclusions reached and the recommendations formulated. The work of the Group has been invaluable to the Secretary-General in reaching his own conclusions, which are spelt out below.

5. In formulating his conclusions, which are based essentially on the work of the Group, which has been studied attentively and intensively, the Secretary-General has also had in mind the outcome of the review by the Committee for Programme and Co-ordination and the Economic and Social Council of the United Nations System-Wide Action Plan on Drugs requested by the General Assembly in resolution 44/141. It will be recalled in this context that the Council, following its review of the System-Wide Plan, endorsed the recommendation contained in the report of the Committee for Programme and Co-ordination (resolution 1990/87). It also requested the Secretary-General to prepare a statement of programme budget implications for the implementation of all mandates and activities included in the Global Programme of Action for timely submission to the General Assembly at its forty-fifth session (resolution 1990/84). The implications of the Global Programme of Action are being presented in a separate report. They have nevertheless been taken into account in the conclusions outlined in the present report.

6. The overall objective of enhancing the efficiency of the United Nations structure can best be achieved through securing a structure - both at the secretariat and intergovernmental levels - that would, in a most rational and effective way (a) ensure that the provisions of the relevant conventions are adhered to and help facilitate such compliance; (b) facilitate the implementation of the measures contained in the Comprehensive Multidisciplinary Outline of Future Activities in Drug Abuse Control 1/ adopted by the International Conference on Drug Abuse and Illicit Trafficking and in the Global Programme of Action adopted by the Assembly at its seventeenth special session (resolution S-17/2, annex); and (c) ensure that the formulation and execution of operational activities are consistent with the provisions of the conventions, the Comprehensive Multidisciplinary Outline and the Global Programme of Action and that appropriate legislative guidance is given in this respect.

7. In respect of the secretariat, the attainment of these objectives requires a structure with clear and unequivocal lines of reporting to a single head whose responsibilities would be exclusively devoted to international drug control. What is envisaged is a unified secretariat unit at Vienna with responsibilities for (a) treaty implementation; (b) policy implementation and research; and (c) operational activities. The unit will be headed by an Assistant Secretary-General.

8. As regards treaty implementation, there will be two services: the secretariat of the International Narcotics Control Board (INCB) and the secretariat of the Commission on Narcotic Drugs (CND). The secretariat of INCB will be headed by the Secretary of INCB, appointed by the Secretary-General in accordance with article 16 of the Single Convention on Narcotic Drugs, 1961, as amended by the 1972 Protocol. 2/ The secretariat of the Board will continue to be responsible to the Board for substantive matters, in accordance with the existing administrative arrangements to ensure the full technical independence of the Board under the Convention. The secretariat of the Commission on Narcotic Drugs will be headed by the Secretary of the Commission and will, in addition to providing the necessary services to the Commission and its subsidiary organs, fulfil the responsibilities entrusted to the Secretary-General under the international drug control treaties and provide assistance to Member States in order to facilitate treaty implementation.

9. In respect of policy implementation and research, there will be a division responsible for the implementation of policy decisions of the relevant legislative bodies of the United Nations. It will also conduct analytical work. Within the Division, the Repository Service will deal with (a) analysis of the annual reports of Governments on the implementation of the drug control treaties; (b) central statistics; (c) publications and references; and (d) the computerized information strategy. The Substantive Service will deal with (a) supply reduction; (b) demand reduction; (c) suppression of illicit drug trafficking; (d) central training; and (e) the laboratory. The staff of the Division would, for the most part, be funded from the regular budget. In addition, both the central training unit and the laboratory will also rely on extrabudgetary financing.

10. As far as operational activities are concerned, there will be a division responsible for co-ordinating and carrying out technical co-operation projects. The Division will collaborate closely with the United Nations system of organizations, regional organizations, as well as governmental, intergovernmental and non-governmental organizations in the fulfilment of its responsibilities. Its Resources Mobilization Service will provide support to the head of the unified secretariat structure in fund raising and would also backstop technical co-operation projects; its Project Operations Service will be responsible for monitoring the design and implementation of projects at the national and regional levels and will be organized along regional lines. This Division will be financed from extrabudgetary resources of the United Nations Fund for Drug Abuse Control, which will be placed under the direct responsibility of the head of the unified secretariat structure.

READEX FICHE

11. As regards the provision of administrative and legal services to the new unified structure, no modifications in the current arrangements are envisaged. These will continue to be provided from existing central services as they are best equipped to provide such support.

12. The organizational arrangements described above will be named the United Nations International Drug Control Programme. It will be an organizational unit within the United Nations Secretariat. Its head will be appointed by and be accountable to the Secretary-General. It would not therefore be a subsidiary organ of the Organization with its own secretariat and its own governing council. The Secretary-General believes that the enhancement of efficiency in the field of drug abuse control does not necessitate the creation of an autonomous entity outside the United Nations Secretariat. The objective sought will be best achieved by the structure and arrangements outlined above. They will bring together research and analysis on the one hand and operational activities on the other, thus leading to better use of expertise and ensuring interaction between and mutual reinforcement of two essential components of the programme.

13. The programme budget implications related to the creation of a unified structure for drug abuse control would consist solely of the creation, under the regular budget, of a post at the Assistant Secretary-General level. An additional appropriation of $76,400 under section 20 of the programme budget would be required in 1991, which the Secretary-General is hereby seeking. This would be considered in accordance with the procedures relating to the use of the contingency fund. While seeking the establishment of a post at the Assistant Secretary-General level, the Secretary-General intends at the same time to abolish the post of Assistant Secretary-General of the United Nations Fund for Drug Abuse Control, an extrabudgetary post, and create an extrabudgetary post at the D-2 level to head the Operational Activities Division. In addition to primary considerations of a managerial and administrative nature, the abolition of the Assistant Secretary-General post would serve to ensure that the overall number of upper echelon posts does not increase. An organizational chart reflecting the functions described in paragraphs 8 to 10 is included in the annex to the present report.

14. The measures outlined above will be implemented beginning on 1 January 1991. This will represent the administrative contribution to the objective of enhancing the efficiency of the United Nations structure for drug abuse control. These in themselves will not be sufficient for the attainment of the objective set, however. There must also be improvement at the legislative level. The Secretary-General shares the belief expressed by the experts that the enhancement of the efficiency of the United Nations structure for drug abuse control depends also on the improvement in the functioning of the Commission on Narcotic Drugs. Bearing in mind that the Commission is a functional commission of the Economic and Social Council, it would be for the latter to undertake the necessary review and bring about the necessary changes. The Secretary-General is of the view that the General Assembly should request the Council to undertake such a review as a matter of urgency. Without prejudice to the decisions that the Council may take, the Secretary-General believes that improvements in the role of the Commission on Narcotic Drugs would require the elaboration of modalities for legislative overview of and guidance to operational activities, a review of the frequency and duration

of its sessions and an assessment of the role and functions of its subsidiary organs. With regard to the International Narcotics Control Board, its functions as prescribed by the Single Convention on Narcotic Drugs, 1961, as amended by the 1972 Protocol, and by the 1988 Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances 3/ do not require review or modifications in the view of the Secretary-General.

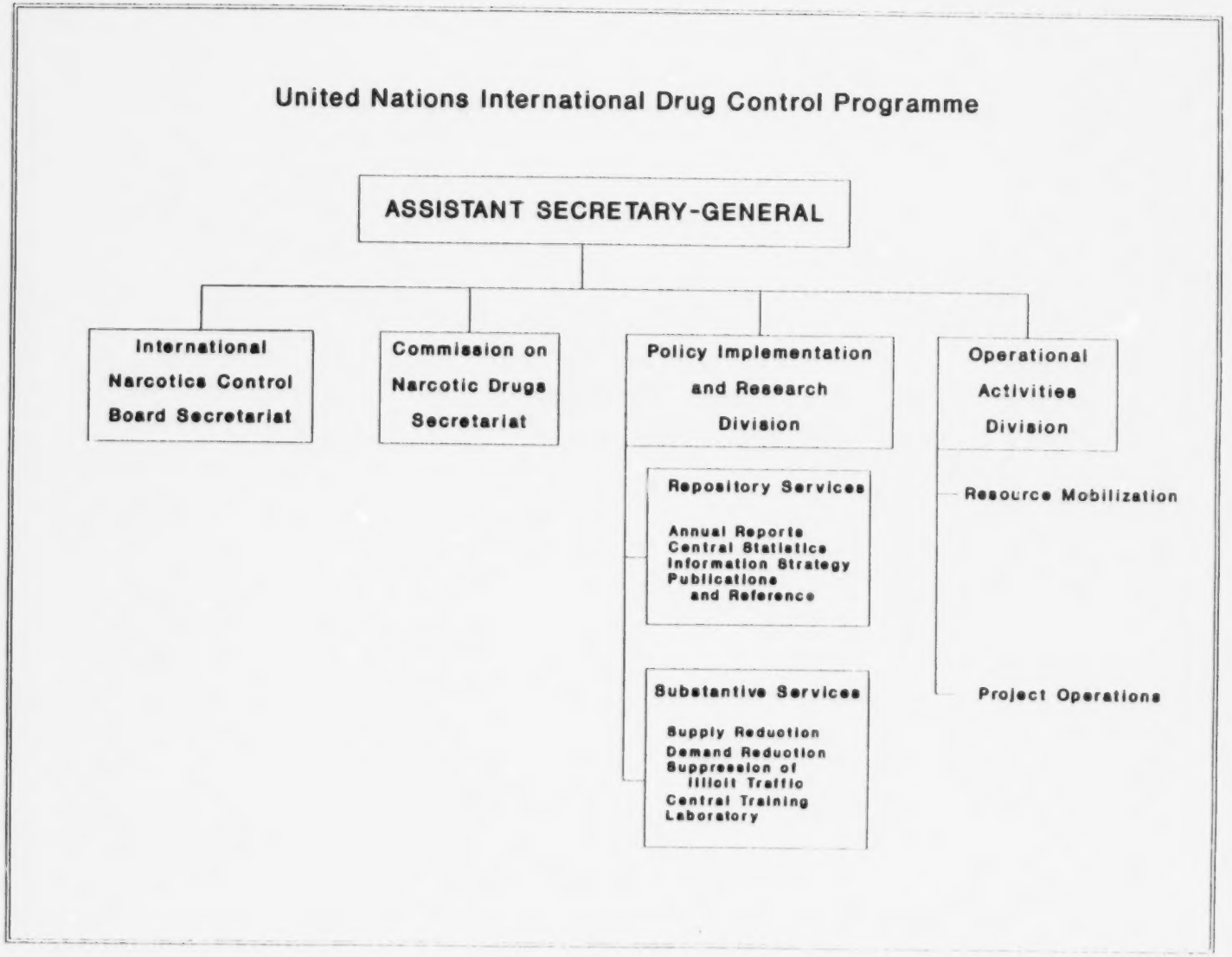
Notes

1/ See Report of the International Conference on Drug Abuse and Illicit Trafficking, Vienna, 17-26 June 1987 (United Nations publication, Sales No. E.87.I.18), chap. I, sect. B.

2/ United Nations, Treaty Series, vol. 976, No. 14152, p. 106.

3/ E/CONF.82/15 and Corr.2.

ANNEX


United Nations International Drug Control Programme
ASSISTANT SECRETARY-GENERAL
International Narcotics Control Board Secretariat
Commission on Narcotic Drugs Secretariat
Policy Implementation and Research Division
Operational Activities Division
Repository Services
Annual Reports
Central Statistics
Information Strategy
Publications and Reference
Substantive Services
Supply Reduction
Demand Reduction
Suppression of Illicit Traffic
Central Training Laboratory
Resource Mobilization
Project Operations

UNITED
NATIONS

A

General Assembly

Distr.
GENERAL

A/45/652/Add.1
24 October 1990

ORIGINAL: ENGLISH

Forty-fifth session
Agenda items 108 and 118

INTERNATIONAL ACTION TO COMBAT DRUG ABUSE AND ILLICIT TRAFFICKING

PROGRAMME BUDGET FOR THE BIENNIUM 1990-1991

Enhancement of the efficiency of the United Nations structure for drug abuse control

Report of the Secretary-General

Addendum

1. At its forty-fourth session, the General Assembly adopted resolution 44/141 of 15 December 1989, paragraph 4 of which requested the Secretary-General to select a limited number of experts from developed and developing countries to advise and assist him for a maximum period of one year, in full co-operation with United Nations officials, in order to enhance the efficiency of the United Nations structure for drug abuse control, taking into account the ability of the United Nations to perform its increasing tasks in the light of existing mandates and of decisions adopted by the General Assembly at its special session, and to report to the Assembly at its forty-fifth session.

2. The report of the Secretary-General may be found in document A/45/652.

3. The present addendum contains the report that the Group of Experts has submitted to the Secretary-General (see annex).

ANNEX

Report of the Group of Experts to advise and assist the Secretary-General on the enhancement of the efficiency of the United Nations structure for drug abuse control

Drugs and the United Nations: meeting the challenge

CONTENTS

		Paragraphs	Page
EXECUTIVE SUMMARY			4
I.	INTRODUCTION	1 - 5	5
II.	BACKGROUND	6 - 18	6
	A. Current arrangements and resources	11 - 12	8
	B. Co-ordination	13 - 18	8
III.	PROBLEMS, NEEDS AND GOALS	19 - 23	10
IV.	ALTERNATIVE STRUCTURAL POSSIBILITIES	24 - 29	13
	A. A specialized agency of the United Nations	25	14
	B. A United Nations high commissioner for drug abuse control	26	14
	C. A United Nations standing conference	27	14
	D. A United Nations programme	28	14
	E. A United Nations centre	29	15
V.	RECOMMENDATIONS: FUTURE UNITED NATIONS DRUG ORGANIZATION	30 - 49	15
	A. A single executive structure	32	15
	B. A chief executive	33	16
	C. Liaison	34	16
	D. Location	35 - 36	16
	E. The policy-making bodies	37 - 38	17

CONTENTS (continued)

		Paragraphs	Page
F.	Resources	39	17
G.	Organizational chart	40	18
H.	Elements of the organizational chart	41 - 49	20
1.	Treaty implementation division	41 - 44	20
2.	Technical co-operation division	45	20
3.	Programme support division	46 - 47	20
4.	Administrative and financial services	48	21
5.	Policy, planning and evaluation unit	49	21
VI.	CONCLUSION: MEETING THE CHALLENGE	50 - 52	21

Appendices

I.	Composition of the Group of Experts	23
II.	United Nations bodies and units dealing with drug control	26
III.	Summary of conclusions of previous United Nations studies of drug control units	29
IV.	Drug abuse control expenditures, 1988-1989	30

EXECUTIVE SUMMARY

Concerned over the world's worsening drug problem, the United Nations General Assembly called for a group of independent experts to be established for up to one year to help the Secretary-General strengthen the response of the United Nations to the problem. In April 1990, 15 international experts were selected from Hungary, India, Italy, Jamaica, Malaysia, Mexico, Morocco, Nigeria, Peru, Sweden, Thailand, Turkey, the Union of Soviet Socialist Republics, the United Kingdom of Great Britain and Northern Ireland and the United States of America. The Group of Experts, representing all regions of the world, was chosen for personal expertise in respective disciplines, and not as spokesmen for Governments.

The Group of Experts met at Vienna between May and July 1990. In accordance with its mandate, the Group has produced its report (contained in the present document) to the Secretary-General entitled "Drugs and the United Nations: meeting the challenge".

The report of the Group, comprising six sections and four appendices, focuses primarily on structural aspects of the response of the United Nations to the mounting drug problem. Following brief analyses of the current activities of the United Nations and problems in the global struggle against drugs, the report sets forth future needs and goals, examines alternative structural options, proposes remedial measures and lays out the functional and structural requirements of a future United Nations organization devoted to combating drugs.

The main recommendation of the report is the creation of a single organization, on the lines of a United Nations Programme, which would integrate all the activities now carried out by the Vienna-based drug units of the United Nations. While preserving essential treaty-based functions, the unified organization would amalgamate the three existing secretariat units into a single executive structure, to be directed by a very senior official on a full-time basis. Additional recommendations concern liaison and contact with specialized agencies and bodies within the United Nations system and outside it; the location of the organization; its policy-making bodies; its resources; and its organizational framework. In fulfilling its mandate, the Group was particularly aware of the managerial and financial implications flowing from any restructuring.

The Group was animated by the belief that the drug problem is not only one of management, structures and programmes - it involves the use that Governments wish to make of the United Nations and how they wish to confront a challenge that endangers the survival of human civilization. The common danger that all of our peoples face engendered a strong sense of common purpose in the Group and led it to make its unanimous recommendations.

I. INTRODUCTION

1. The mandate for the establishment of the Group of Experts originates from paragraph 4 of General Assembly resolution 44/141 of 15 December 1989, which requested the Secretary-General

> "to select a limited number of experts from developed and developing countries to advise and assist him for a maximum period of one year, in full co-operation with United Nations officials, in order to enhance the efficiency of the United Nations structure for drug abuse control, taking into account the ability of the United Nations to perform its increasing tasks in the light of existing mandates and of decisions adopted by the General Assembly at its special session".

The Secretary-General was further requested to report to the General Assembly at its forty-fifth session.

2. In paragraphs 93 and 94 of the Global Programme of Action, adopted on 23 February 1990 by the General Assembly at its seventeenth special session in New York (see A/S-17/11, annex), the Assembly endorsed the convening of the Group, adding more details of what is required. These paragraphs read as follows:

> "Intensification of efforts at the national level and increased intergovernmental co-operation require a commensurate strengthening of the United Nations drug control organs and their secretariats. Against this background, the functioning of the United Nations structure for drug abuse control needs to be reviewed and assessed, in accordance with the mandate given to the Secretary-General by the General Assembly in paragraph 4 of its resolution 44/141, for the purpose of identifying alternative structural possibilities, the end result being the establishment of a stronger, more efficient United Nations drug control structure with enhanced status, with a report to be made to the General Assembly at its forty-fifth session.
>
> "Attention shall be given to the need for (a) coherence of actions within the United Nations drug-related units and co-ordination, complementarity and non-duplication of all drug-related activities across the United Nations system; (b) integration of drug-related information within the United Nations system; (c) integration of the reduction of illicit demand in United Nations programming; (d) integration of law enforcement field expertise in United Nations programmes; (e) compliance with all non-discretionary obligations mandated by the three drug control conventions; and (f) an estimate of resources necessary to carry out these mandates successfully."

3. The announcement of the establishment of the Group of Experts was made on 30 April 1990. Its composition is set out in appendix I to the present report. A preparatory meeting was held at Vienna on 28 and 29 May 1990, at which we established the methodology to be followed in the brief time available for our work and discussed the preparation of our report. We scheduled two working sessions for the Group: the first to be held from 18 to 29 June 1990; and the second from 23 to 27 July 1990. During the preparatory meeting, we met with the

Director-General of the United Nations Office at Vienna, the Executive Director of the United Nations Fund for Drug Abuse Control, the Director of the Division of Narcotic Drugs and the Secretary of the International Narcotics Control Board. We requested the drug units to submit, prior to the Group's session in June, information on their respective terms of reference, mandates and activities. To assist them in their work, we drafted an outline of the desired information and the format in which it was to be presented.

4. At our session in June we elected Ambassador Jorge Montaño, Chairman; Mr. István Bayer, Vice-Chairman; and Mr. Hans Lundborg, General Rapporteur. We began our work by meeting again individually with the Director-General and the heads of the drug units. We reviewed the mandates of the United Nations in the field of international drug control. We further reviewed and assessed the functioning of the Commission on Narcotic Drugs, of the International Narcotics Control Board and of the three drug control units of the Secretariat - the Division of Narcotic Drugs, the secretariat of the International Narcotics Control Board and the United Nations Fund for Drug Abuse Control - together with their co-ordination. The Group also assessed the overall capacity of the structure to respond to the needs and challenges posed by the new dimensions of the drug problem and the response of the General Assembly to them. We examined alternative structural options and possibilities to carry out the mandates more efficiently and cost-effectively and weighed the financial implications of these alternatives.

5. We circulated a first draft of our report to the following members of the United Nations Secretariat because of their direct involvement and because of our concern to give them, at a preliminary stage, a clear idea of the way in which our deliberations were moving: the Director-General of the United Nations Office at Vienna; the Executive Director of the United Nations Fund for Drug Abuse Control; the Director of the Division of Narcotic Drugs; the Secretary of the International Narcotics Control Board; and also the Controller and Legal Counsel in New York. We were gratified to receive a reply from the Secretary-General consolidating the views of the Secretariat. We have of course taken these into account in finalizing our report. We also had further discussion with the Director-General of the United Nations Office at Vienna and the Heads, or Acting Heads, of the Units.

II. BACKGROUND

6. The Group of Experts is conscious of the enormous increase in the international attention given in recent years to the mounting issues of drug abuse and control. The reasons for this are, of course, well understood. What is less well understood perhaps are the implications in institutional and organizational terms, especially for the United Nations, of the decisions which the international community have taken.

7. The Single Convention on Narcotic Drugs of 1961, as amended by the 1972 Protocol, and the 1971 Convention on Psychotropic Substances are continuing key elements. The following are major recent elements:

(a) The Political Declaration and the Comprehensive Multidisciplinary Outline on Future Activities in Drug Abuse Control, adopted at the International Conference on Drug Abuse and Illicit Trafficking, held at Vienna in June 1987; 1/

(b) The 1988 United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances;

(c) The decisions in the field of drug abuse and control taken by the General Assembly at its forty-fourth regular session in 1989, including its request for the preparation of a System-wide Action Plan on Drug Abuse Control;

(d) The Global Programme of Action and the Political Declaration (see A/S-17/11, annex), adopted by the General Assembly at its seventeenth special session, to study the enhancement of the role of the United Nations in the fight against illicit drugs, held in New York in February 1990;

(e) The Declaration adopted at the World Ministerial Summit to Reduce the Demand for Drugs and to Combat the Cocaine Threat, held in London in April 1990.

8. The issues are of such great and wide-ranging importance that they have figured in a large number of recent meetings of Heads of Government, for example, the most recent Summit of Non-Aligned Countries, the Group of seven industrialized nations, the European Council, and the Commonwealth. Among regional summits, we draw particular attention to the Cartagena Summit, since it was a meeting exclusively devoted to drug issues among some of the countries most directly concerned.

9. There is thus a great deal to guide us in the discharge of our mandate, not only in detail but also as to its wider context. It is nowhere better illustrated than in the Secretary-General's opening statement to the seventeenth special session of the General Assembly on 20 February 1990. Mr. Pérez de Cuéllar said:

> "Drug abuse is now right at the top of the list of priorities requiring urgent attention from the international community. It is, by its nature, truly international. ... Let us resolve that, at this special session of the General Assembly, words lead to action and that this action leads to success. Drug abuse is a time-bomb ticking away in the heart of our civilization. We must find measures to deal with it before it explodes and destroys us" (see A/S-17/PV.1).

10. It is evident that only the United Nations can orchestrate the collective response that the situation requires. It is further evident that the major texts to which we refer above represent demands upon the United Nations system that require not only redeployment of existing arrangements and resources but an increase in resources commensurate with the new mandates. That fact is, of course, recognized in those texts, which include frequent references to the necessity of according higher priority than heretofore to issues of drug abuse. There can be no doubt that the international community is ready to contemplate major decisions of organization and policy making. The Group would have failed in its duty had it not reflected this concern in its work.

A. Current arrangements and resources

11. There are at present five United Nations organs concerned wholly with drugs (in United Nations parlance, two "bodies" and three secretariat "units"): the Commission on Narcotic Drugs, an intergovernmental body; the International Narcotics Control Board (INCB), an autonomous body of independent experts; and three units staffed by members of the Secretariat: the Division of Narcotic Drugs, the secretariat to INCB, and the United Nations Fund for Drug Abuse Control. They are described in appendix II to the present report.

12. Besides these five, there are of course a number of other entities within the United Nations concerned with drug matters. Within the United Nations Secretariat there is the Centre for Social Development and Humanitarian Affairs and its Crime Prevention and Criminal Justice Branch. The specialized agencies concerned include the International Labour Organisation (ILO), the World Health Organization (WHO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the International Maritime Organization (IMO), the International Civil Aviation Organization (ICAO), the Universal Postal Union (UPU), the Food and Agriculture Organization of the United Nations (FAO) and the United Nations Industrial Development Organization (UNIDO). The United Nations programmes involved include the United Nations Development Programme (UNDP), the United Nations Children's Fund (UNICEF) and the World Food Programme (WFP). International bodies with which the United Nations co-operates closely include the Customs Co-operation Council and the International Criminal Police Organization (ICPO/Interpol) and a number of non-governmental organizations.

B. Co-ordination

13. The variety of actors in the drugs field, as well as the wide range of issues that they tackle, can be the cause of no surprise, given the importance of what is at stake. But it underlines the inherent difficulties of efficient management of the collective effort. Any examination of international co-operation in the drugs field cannot but underline the multiplicity of functions and responsibilities but also the diversity of their origins. These in some cases go back not merely to the League of Nations era but well before. The United Nations inherited the tasks of the League of Nations. The Commission and INCB have particular responsibilities in this regard. But much more had been added since. The ad hoc way in which matters have evolved has likewise been the subject of frequent commentary.

14. It is significant in this context that the initial distinction between legislative and policy-making functions entrusted to the Commission and the technical supervisory and control functions entrusted to INCB (by the 1961 Convention, the 1971 Convention and the 1972 Protocol) has been partly blurred by the 1988 Convention. Comparison of the articles of the 1988 Convention on the respective functions of the Commission and of the Board with the corresponding articles of the previous treaties reveals that supervision of the application of some provisions of the 1988 Convention were entrusted to the Commission instead of the Board. At the same time, the very complex responsibility for the control of

the implementation of the provisions on precursors and chemicals used for the manufacture of illicit drugs rests with INCB.

15. Within the United Nations Secretariat, the three units mentioned above are all ultimately responsible to the Secretary-General. But they have markedly different structures and lines of reporting. The Director of the Division of Narcotic Drugs is immediately responsible to the Director-General of the United Nations Office at Vienna (who is in turn responsible to the United Nations Secretary-General). Both the Division and INCB are financed from the United Nations regular budget. The Secretary of INCB reports on administrative matters to the Director-General of the United Nations Office at Vienna and on substance to the Board itself. The Executive Director of the United Nations Fund for Drug Abuse Control reports directly to the United Nations Secretary-General. The United Nations Fund for Drug Abuse Control is entirely funded from voluntary sources.

16. The problems of co-ordination at Vienna were clearly and helpfully explained to us by the Director-General of the United Nations Office at Vienna. In 1984, in response to the clear need for greater co-ordination in the drug programmes, the Secretary-General appointed the Under-Secretary-General for Political and General Assembly Affairs to act as overall co-ordinator. He or his representative travelled to Vienna every now and then. He also held meetings when those concerned were in New York.

17. In 1987, the Secretary-General transferred this co-ordination function to the Director-General of the United Nations Office at Vienna. That decision was taken in the context of budget reform and rationalization sparked off by the report of the Group of High-level Intergovernmental Experts to Review the Efficiency of Administrative Functioning of the United Nations 2/ and the subsequent General Assembly resolution (41/213 of 19 December 1986). That decision was associated with a 25 per cent reduction in the higher echelon posts in the United Nations Secretariat. The range of responsibilities of the Director-General of the United Nations Office at Vienna were increased in other directions, while the resources available to her were cut. The Director-General is also Head of the Centre for Social Development and Humanitarian Affairs. The interaction between drug control programmes and other programmes handled at Vienna - in relation to social policy and analysis, social conditions, youth, women, crime prevention and criminal justice - was also a factor in the decision.

18. The range of responsibilities envisaged for the Director-General of the United Nations Office at Vienna was thus already considerable four years ago. It has grown very greatly since then, in response to the international attention given to drug issues to which we have referred. While it may be helpful to talk in terms of "co-ordination" of the activities in the United Nations system wide and of co-ordination with related activities outside the United Nations system, within the United Nations Secretariat, and especially as regards the work of the three secretariat units based at Vienna, the requirement is not so much for co-ordination as for direction and integration. That point is evident from three internal inquiries carried out in the Secretariat in 1964, 1978 and 1980, the results of which were summarized for us by the secretariat at Vienna (see appendix III to the present report). The recommendations made in those studies inevitably pointed in

the direction of management and reorganization, as distinct from co-ordination. But, for various reasons, action was not taken on them. The general atmosphere is now markedly different. Thus, the Group of Experts has not so much undertaken a voyage of discovery as made an attempt to chart a course in familiar seas taking advantage of the current favourable wind. The humility that such a task has engendered in us has been tempered by an awareness of the opportunity that has to be seized.

III. PROBLEMS, NEEDS AND GOALS

19. Any inquiry of the sort we have been asked to undertake needs to begin with basic practical questions: "What is wrong with the present system?"; "How did the situation arise?"; "Why do things not work as we want them to?". As noted above, there has been much discussion of those questions over a long period of time. No useful purpose is served by reciting a litany of the complaints, many of them justified, which have been made about the current situation. Our concern is rather to respond to what the international community wants and how that can be provided. We are more concerned with finding solutions for the problems of today and tomorrow than with cataloguing any failings of yesterday.

20. In approaching our task, we held it useful to think in terms of "problems", "needs" and "goals". That is to say, we started by identifying the problems that emerged during our analysis and discussions. We then looked at the needs in the sense of what was required both to deal with the problems that we identified and also to respond to the responsibilities now being laid upon the system, as well as by the continuing obligations under the three conventions. We then identified the goals that meet those needs.

21. Under the heading "problems", we identified the following areas:

(a) The shortcomings of the policy-making body (Commission on Narcotic Drugs), owing to its present size; duration of meetings; and the lack of common and clear policy directives and guidance, so obviously related to those shortcomings;

(b) The lack of a clear chain of command encompassing the three drug units of the United Nations Secretariat and the difficulties encountered in providing adequate direction, leadership, management and accountability;

(c) With respect to resources, it is to be noted that the total annual expenditure of the United Nations in the drugs area averaged about $US 37 million during the 1988-1989 biennium. This amount represents 0.0007 per cent of the estimated level of the world's illicit drug trade in 1989 ($500 billion). It is equivalent to less than half an hour's turnover in the illicit trade;

There are at present two significant forms of imbalance: (i) a disequilibrium between regular budgetary resources and voluntary contributions wherein the latter represent over 91 per cent of total expenditure (see appendix IV to the present report); and (ii) an imbalance in the sources of voluntary contributions whereby

two countries account for over 60 per cent of the financing and six countries for almost 90 per cent. Since more than 75 per cent of the voluntary funds are earmarked, greater multilateral orientation of the programmes financed from these sources should be sought;

(d) As a direct effect of the causes identified in (a), (b) and (c) above, in the three units there exists conflicting perceptions; different strategies adopted in dealing with drug issues; parallel structures and some competition among the units, leading to duplication of effort; and a consequent failure to achieve a rational distribution of tasks and an effective allocation of resources between them;

(e) Interrelated with (a), (b), (c) and (d) above have been the inadequacy and the uncertainty of the resources available.

22. Under the heading "needs" we identified the following:

(a) The implementation in practical terms of the expressed determination of the member Governments of the United Nations to co-operate over the whole spectrum of drug issues. It is necessary to give to these issues a higher priority and degree of attention within the United Nations system than they have so far received. Related to this deepened multilateral co-operation is the implementation by countries individually of the obligations that they have undertaken under the three key conventions;

(b) The achievement in the light of (a) of greater credibility and prominence for United Nations work in the drug field and as a consequence greater prestige for the United Nations system as a whole. This would help to make more impact on public opinion generally and increase public support in member States for the work that the United Nations is undertaking. It would require, in particular, a significant strengthening of the role of the Commission on Narcotic Drugs as the principal policy-making body and of the International Narcotics Control Board as an independent technical, supervisory and control organ. It would also require an increase in communication between countries involved in operational programmes in the field of drug control. This co-operation must extend not only to significant reduction in illicit supply and demand and the fulfilment of the obligations under the conventions, but also to the pursuit of the broad purposes expressed in a number of major United Nations documents (notably the Comprehensive Multidisciplinary Outline, the Global Programme of Action and the System-wide Plan of Action);

(c) The development of a structure where the policy-making body plays a larger part in initiating and formulating policy directives and overall guidelines; and where there is an integrated executive structure of a size sufficient to interpret, implement and monitor the policy directives and guidelines; to ensure full compliance with the respective international instruments and to channel the voluntary contributions provided by Member States so as to broaden the scope and size of drug control operations and so integrate them in a new common structural framework;

(d) The adoption of a common systemic approach to the work of the United Nations entities across the whole field and a common strategy for the most efficient deployment of resources and expertise. It is important to have regard to at least minimal equitable geographical distribution of posts within the Secretariat, regardless of the source of finance, while continuing to take account of the great importance of the qualifications necessary for efficient performance. There is need to strengthen links between operational activities and programme activities, including those pertaining to treaty provisions. There is also need for the collection, integration and dissemination of data and information, the enhancement of operational activities, the evaluation of these activities, and the carrying out of applied research;

(e) Examination of the issues in relation to the problems of individual countries, of regions and of the membership at large. Work done in the United Nations system must have special regard to the importance of consultation with these member countries and regions and assistance as appropriate to them. In that context, attention needs to be given to the identification of the scope of regional co-operation and action;

(f) As recognized by the General Assembly in a number of contexts, there is a need for a significant increase in the resources available, particularly from the regular budget.

23. Under "goals" we identified the following:

(a) Compliance with all non-discretionary obligations mandated by the key drug control conventions;

(b) Implementation of the principles underlying the current action plans: in particular, the principle of shared responsibility; balanced attention to supply and demand; the relationship in the case of a number of member countries, between the drug problem and issues of development; and the enhancement of the United Nations framework for multilateral co-operation on drug issues in accordance with the principles of the Charter of the United Nations. That is a matter not simply for Governments alone. Mobilization of public support world wide is of vital importance;

(c) Effective policy-making across the field of drug activities, while preserving the technical independence of the International Narcotics Control Board as provided for in the conventions. It requires not only the achievement of coherence of the activities of the drug-related units within the United Nations Secretariat, but also the co-ordination, complementarity and non-duplication of all drug-related activities across the United Nations system. It also requires a balanced distribution of resources between functions, reflecting the integration of the reduction of illicit demand into United Nations programmes. At the same time, it is necessary to achieve the fullest co-operation with the activities of other intergovernmental agencies concerned, particularly as regards law enforcement field expertise, in United Nations programming;

(d) Sound programme planning and rational budgeting procedures that will minimize secretariat and execution costs, while maximizing operational delivery through an effective use of the United Nations system. Programme planning, even over short periods of two to five years, calls for minimal predictability as to the level of funds likely to be available from regular as well as extrabudgetary sources. There have been wide variations over the past decade in the level of voluntary resources. In personnel terms, it is vital not only to safeguard existing expertise but also to deploy it to the fullest advantage and supplement it when necessary. The rapid availability of accurate information from member Governments and from within the United Nations system is vital to United Nations technical work in the field of drug abuse control;

(e) Regular evaluation of all programmes and projects executed, in order to facilitate the process of developing norms and standards necessary to enhance the effectiveness and efficiency of the United Nations system in the field of drug control.

IV. ALTERNATIVE STRUCTURAL POSSIBILITIES

24. The Group examined a number of alternative structural possibilities for handling drug questions within the United Nations Secretariat and within the United Nations system. Experience within the United Nations system in the last 40 years shows that there are a number of such possibilities. We have looked in particular at five of these. We took as our point of departure the view of the General Assembly, as well as our own unanimous view, that the maintenance of the status quo should be ruled out on the grounds that it corresponds neither with the requirements of the situation nor with the international consensus for greater collective effort. Equally we have ruled out the minimalist options involving varying combinations of the current structures. These options would leave unresolved the problems that we have analysed in the preceding section of the report and leave unmet the needs and goals that we have identified. The five possibilities that we examined in detail are the following:

(a) A specialized agency of the United Nations;

(b) A United Nations high commissioner for drug abuse control;

(c) A United Nations standing conference;

(d) A United Nations programme;

(e) A United Nations centre.

We comment briefly on the five possibilities in turn.

A. A specialized agency of the United Nations

25. A specialized agency for drug abuse control would meet the fundamental needs and goals that we have identified. It would have the added advantage of enjoying enhanced status and permanence within the United Nations family. On the other hand, it would be difficult and time-consuming to establish. The costs could be considerable and much effort would be absorbed in organizational and procedural work at the expense of tackling practical problems.

B. A United Nations high commissioner for drug abuse control

26. The analogy of the United Nations High Commissioner for Refugees naturally suggests itself. It has the advantage of high profile in dealing with a sensitive world-wide problem. Its experience as regards policy-making, a combination of voluntary and assessed contributions, and the use of central services at Geneva, while maintaining its own individual status, is useful as a guide. The "High Commissioner" model could, however, pose difficulties as regards compliance with the conventions in the field of drug control and the role of INCB in particular. We are moreover conscious of the reservations felt by many about the use of the term "High Commissioner" in a United Nations context. We would have hesitations about it for that reason.

C. A United Nations standing conference

27. A standing conference of the United Nations on the pattern of the United Nations Conference on Trade and Development (UNCTAD) would meet a number of the requirements as regards profile, the level of governmental involvement and policy-making. On the other hand, it would be time-consuming and expensive on the organizational side. The effort to establish it would likewise distract from practical action. As with the "High Commissioner" model, there would be difficulties as regards safeguarding the functions and responsibilities of INCB. On the budgetary side, there would be greater demands on the central United Nations budget.

D. A United Nations programme

28. A United Nations programme on the lines, for example, of UNDP or the United Nations Environment Programme (UNEP), would meet the requirements and objectives identified by the Group. Under this option, the Division of Narcotic Drugs, INCB secretariat and the United Nations Fund for Drug Abuse Control would be integrated. The creation of a programme would be relatively simple. It would require no more than a resolution of the General Assembly. The process of reporting and control could be clarified at the same time. The Commission on Narcotic Drugs could act as the Governing Council. A United Nations programme would serve to ensure an action-oriented approach, while carrying out and extending essential treaty-based functions, with the independence required.

E. A United Nations centre

29. A United Nations centre for drug abuse control, similar to the Centre for Social Development and Humanitarian Affairs at Vienna or the Centre for Human Rights at Geneva, could go some way to meet the requirements. It could be created expeditiously. It could integrate both the work of the Division of Narcotic Drugs and the INCB secretariat and the United Nations Fund for Drug Abuse Control and preserve both the voluntary funding on which the latter depends and the independent technical expert status of INCB. The disadvantage of the creation of such a centre is that it would not enhance sufficiently the importance of drug-related activity in the United Nations. The concept of a "centre" in United Nations terms is essentially associated with research and study of the issues rather than with operational activity.

V. RECOMMENDATIONS: FUTURE UNITED NATIONS DRUG ORGANIZATION

30. Of the five alternative structural possibilities outlined in the previous section of the report we recommend an organization on the lines of a programme. Taking into account the circumstances prevailing in the United Nations, we do not recommend any of the other options, as they all suffer in their different ways from major deficiencies. We see it as essential to think in terms of the functions that have to be discharged, rather than start from the identities of the existing units and the present division of responsibilities between them. We reiterate that it is necessary to rethink the situation on the basis of what it is that the international community is seeking and how that can best be accomplished. In the present section, we identify the essential features of the structure and illustrate them with an organizational chart.

31. In fulfilling its mandate, the Group was particularly aware of the managerial and financial implications flowing from any restructuring. We are of the view that our recommendations will result in a more efficient allocation of existing resources and thus form a strong basis for expansion of the United Nations drug programmes. It is neither feasible nor desirable for the Group at this stage to attempt any detailed assessment of specific future requirements. But the Group is confident that its recommendations are well within the intentions of the General Assembly as expressed in the major texts that have been adopted.

A. A single executive structure

32. We recommend amalgamation of the three existing Secretariat units into a single executive structure, which would carry out Secretariat responsibilities arising out of treaty obligations; conduct research and operational activities; integrate those functions; and thus enhance the capacity of the Secretariat to carry out the decisions of the policy-making bodies. Such an organization would redistribute functions and redeploy resources in a more efficient manner and serve the United Nations and the international community generally by encouraging the broadening and deepening of the collective effort to counter drug abuse.

B. A chief executive

33. The structure should be directed by a very senior official on a full-time basis. He/she should possess rank and status sufficient to carry out the duties entrusted to him/her. As the official solely responsible under the authority of the Secretary-General, he/she should administer and oversee the entire spectrum of United Nations drug-related activities, including fund raising, and be charged with co-ordination of such activities carried out in the United Nations system as a whole. He/she should maintain liaison not only with all those concerned within the United Nations system but also, as appropriate, with Governments and organizations discharging related responsibilities.

C. Liaison

34. The achievement of a single executive structure within the United Nations Secretariat will not take place in a void. It will be interdependent with a number of specialized agencies and bodies within the United Nations system and outside it. Just as the capacity of the single structure to discharge its responsibilities adequately will depend on the liaison and the contact that it maintains with those bodies, and the help that they can give it, so in the same way it will itself be better able to assist others concerned than at present. A single integrated structure will be able to co-operate more effectively with intergovernmental and non-governmental organizations operating in this whole field, including supply and demand reduction.

D. Location

35. We recommend that the single structure be located at Vienna. We are aware of the argument that there is a case for location at Geneva or New York or in a capital of a country where drug problems are particularly acute. While we recognize the reasons for taking that view, we do not share it. We believe that any move would be disruptive, expensive and time-consuming. At the same time, we emphasize the very great importance of the adoption of an active and outward-looking approach by the new unified structure.

36. As regards the United Nations Office at Vienna, we have two considerations in mind. First, it would be essential for the structure to use the existing common support services to the fullest extent possible. Costly expenditure on administrative changes should be avoided. Secondly, we take account of the decision to make Vienna the focal point for United Nations activities in the social sphere and recognize the considerable links between the work of the single structure and other activities at Vienna, particularly those of the Centre for Social Development and Humanitarian Affairs. But, for the same reason that we are not in favour of establishing a centre for drug issues, we emphasize that the single structure dealing with drugs should not be treated on a par with the Centre for Social Development and Humanitarian Affairs, nor be subject to the same lines of control and reporting.

E. The policy-making bodies

37. We are convinced that enhancing the efficiency of the drug control units of the Secretariat will not of itself achieve the goals that the international community is seeking. There must be simultaneous improvement in the functioning of the Commission on Narcotic Drugs as the principal policy-making body within the United Nations system (and of the International Narcotics Control Board, which, although composed of experts and retaining its independence, nevertheless by virtue of its work, has a significant policy-making input). As regards the Commission, we are aware that there is a wide agreement within the Commission itself on the necessity to review its *modus operandi*, having in mind - among other constraints in the discharge of its responsibilities - the insufficient time available for the discussion among a growing number of interested delegations, which reflects the importance of the subject for which it is responsible.

38. There is a need to reflect in the responsibilities of the Commission the bringing together in a single unified structure of the operational activities funded by the United Nations Fund for Drug Abuse Control and the activities of the Division of Narcotic Drugs and the INCB secretariat. For the reasons set out above, this is a matter to which we would expect the Commission would wish to address itself. As we see it, there is a fine line to be drawn between the exercise of the Commission's proper responsibilities in this regard and the need, on which all concerned are agreed, to preserve the maximum flexibility, within the framework of the practices of the United Nations system, in mobilizing and using voluntary funds for the conduct of operational activities. We believe that, for example, an operational advisory group could be drawn from the membership of the Commission. It should not be elaborate,but should assist the Commission and the Secretary-General in responding to the need for close liaison with Governments and regions.

F. Resources

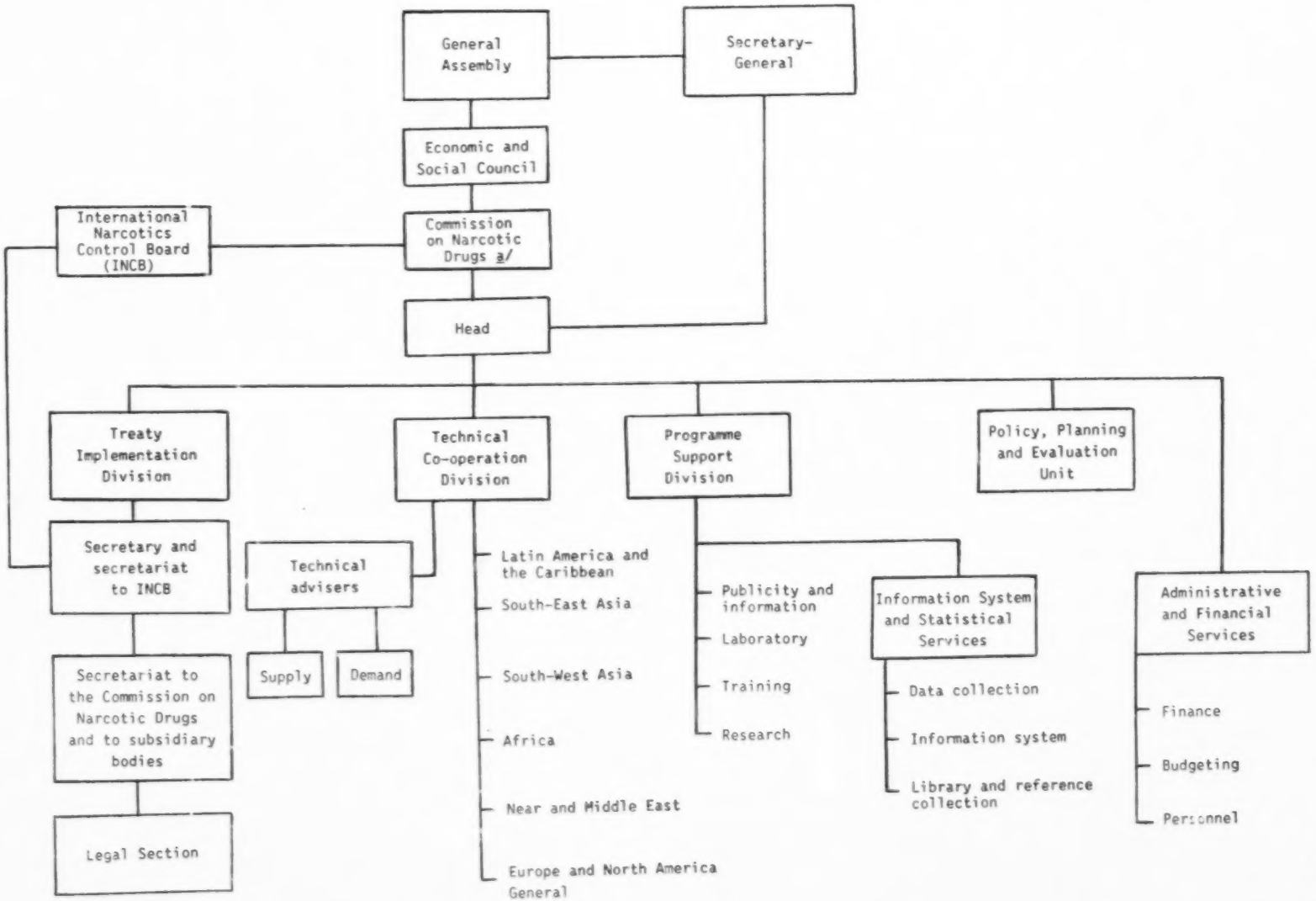
39. The regular budget funds now allocated to the INCB and to the Division of Narcotic Drugs should continue to be allocated to the single unified structure. As regards operational activities now financed by the United Nations Fund for Drug Abuse Control, the new unified structure entails a more rational and effective use of existing resources within the United Nations system and thus should not necessarily entail a large increase in staff. The funding arrangements for voluntary activities set up in 1971 were intended only "as an initial measure and as a matter of urgency ... pending the development and consideration by the Council of the proposed long-term plan of action, including permanent arrangements for administration and financing" (Economic and Social Council resolution 1559 (XLIX) of 11 November 1970). A 1987 Economic and Social Council resolution, however, stated that the United Nations Fund for Drug Abuse Control should continue "to extend systematic and sustained assistance to countries and regions", and continue with "fund raising and the proper management of the resources of the Fund". The Group is of the view that there would be a strong case for funding operational activities in the drugs field from the regular budget. However, it did not consider it timely in present circumstances to make a recommendation to this

effect. It emphasizes, however, the great importance of regular and predictable funding for activities in the operational field, as well as in the other areas of concern to the single structure.

G. Organizational chart

40. The attached chart illustrates the sort of organization we recommend. The detail could only be filled out on the basis of the actual decisions taken to put such a structure into operation. The following are some general comments on the elements that compose it. It should, however, be borne in mind that it is an essential pre-condition of the successful functioning of the structure that all the individual elements in it accept the overriding necessity for close co-operation and acceptance of collective responsibility.

Organizational chart



a/ See paras. 37 and 38 of the present report.

H. Elements of the organisational chart

1. Treaty implementation division

41. This division will bring together the INCB secretariat, the secretariat of the Commission on Narcotic Drugs and the Legal Section.

42. The Secretary of the Board, who reports to INCB and to the Head of the Programme, through the Director of the division, is responsible for the assurance of the continuity of the fulfilment of the treaty mandated obligations of the INCB (see annex II to the present report).

43. The secretariat of the Commission on Narcotic Drugs should be in charge of the secretarial services to the Commission and its subsidiary bodies. The secretariat is responsible for the implementation of the obligations of the Secretary-General provided for in the Conventions (see annex II).

44. Legal expertise has always been essential to the work of the two bodies and their secretariats, but the need for that expertise has been increased by the creation of the 1988 Convention and by the increasing demand of Governments for assistance in such matters as the signature and ratification of conventions and the drafting of national legal instruments. The Legal Section should be the depository of laws and regulations and in charge of the analysis of these national instruments.

2. Technical co-operation division

45. This division will play a key part in the integration of United Nations drug-related activities on which the Global Programme of Action laid such emphasis (see in particular para. 94 (c) and (d)). It will bring together operational activities and technical assistance in the field of supply and demand. The operational activities are now mainly conducted by the United Nations Fund for Drug Abuse Control at the national, regional and interregional level. Those activities are supported by the existing trust fund made of voluntary contributions. The division should have the main responsibility for providing technical assistance to other parts of the new structure, the United Nations system, regional organizations and to Member States. The division should also utilize intergovernmental, governmental and non-governmental organizations in the execution of its programmes.

3. Programme support division

46. General activities of the United Nations Secretariat in service to all Member States would be consolidated in this division. Those would include the publications and public information services, the library, reference collection and the narcotics laboratory. It would also include specialists tasked with drawing up an improved information system that would centralize and standardize data on drug production, trafficking and abuse.

47. The division will include an information system and statistical services. Data gathering and information exchange related to drug programmes is of great importance to Member States, as well as to the Secretariat. The development of an integrated Drug Information System (see para. 94 (b) of the Global Programme) should be envisaged within the regular programme, on a realistic time scale, taking into account the availability of resources, the objective being the gradual building up of a comprehensive data bank with all the substantive and managerial information needed by the programme. The norms for the collection of data including statistics, as well as their analysis, should remain the prerogatives of the units directly concerned, particularly the statistical data related to treaty implementation.

4. Administrative and financial services

48. The coming into being of the unified structure will require a greater degree of autonomy in administrative and financial services than is now the case by the Division of Narcotic Drugs and the INCB secretariat, though not by the United Nations Fund for Drug Abuse Control. It will be necessary to discuss the details with the appropriate authorities. But, as already noted, we envisage that, to the fullest extent possible, the unified structure will draw on the common support services provided by headquarters at Vienna as at present (see sect. D above).

5. Policy, planning and evaluation unit

49. This unit is the element of the unified structure that will have a particular responsibility for the coherence of activities within the drug-related units and co-ordination, complementarity and non-duplication of all drug-related activities across the United Nations system (para. 94 (a) of the Global Programme of Action). We also see the unit as assisting in the vital task of fund raising.

VI. CONCLUSION: MEETING THE CHALLENGE

50. As the Secretary-General has said, "Drug abuse is a time bomb". The international community needs to meet this new challenge in a new way. The United Nations has a key role in meeting it. To say this is not to diminish in any way the central role of Governments. Nor is it meant to undercut the vital roles played by bilateral arrangements, regional and subregional organizations, intergovernmental organizations and non-governmental organizations. Yet the reality is that only the United Nations can engage the conscience of humankind and serve as a focal point for the concerted action of Governments and peoples in their common struggle against drug abuse.

51. The existing United Nations drug-control mechanisms must confront needs of unprecedented size, complexity and gravity. In their present diversity and multiplicity they are handicapped in doing so. In addition, most of them were set up at the time when the drug problem was principally viewed as a health problem.

52. The international community now sees the issues in a very different perspective. There are new dimensions. The time has come for the United Nations to build on what has been achieved and establish a thrusting, solid, unified organization for drug control, bearing direct and full responsibility under a single authority. It can and should be done quickly. We believe that our recommendations are conducive to rapid and simple change. The broad international consensus achieved requires a rapid response. This in itself will do much to help set the world community on the right path for the future. Speed and decisiveness are of the essence.

Notes

1/ See Report of the International Conference on Drug Abuse and Illicit Trafficking, Vienna, 17-26 June 1987 (United Nations publication, Sales No. E.87.I.18), chap. I, sects. A and B.

2/ Official Records of the General Assembly, Forty-first Session, Supplement No. 49 (A/41/49).

APPENDIX I

Composition of the Group of Experts

Ambassador Carlos ALZAMORA (Peru)

Representative of Peru to the United Nations (1975-1979) (1985-1989); Permanent Secretary of the Latin American Economic System (1979-1983); Permanent Representative of Peru to the United Nations, Geneva (1972-1975).

Professor István BAYER (Hungary)

Former Chairman of the Commission on Narcotic Drugs. Consultant to several international organizations in the field of narcotic drugs, psychotropic substances and pharmaceutical preparations.

Dr. Winston DAVIDSON (Jamaica)

Chairman, National Council on Drug Abuse, Jamaica; Senator and Parliamentary Secretary, Ministry of Health and Environmental Control (1976-1980).

Professor Mahdi ELMANDJRA (Morocco)

Professor of international relations and international economics, University Mohamed V, Rabat; former Assistant Director-General of the United Nations Educational, Scientific and Cultural Organization (1966-1976); President of FUTURIBLES International. Author of The United Nations system: An Analysis (1973).

Dr. Philip O. EMAFO (Nigeria)

Pharmaceutical Consultant; Director Pharmaceutical Services, Nigeria (1980-1988); Chairman, Commission on Narcotic Drugs (1988); Chairman, Pharmacists Board of Nigeria (1977-1988).

Ambassador Nuzhet KANDEMIR (Turkey)

Ambassador Extraordinary and Plenipotentiary of the Republic of Turkey in Washington, D.C., Former Under-Secretary of State (1986-1989); Former Deputy Director of the United Nations Division of Narcotic Drugs (1973-1979).

Mr. KHAIRUDDIN Ibrahim (Malaysia)

Secretary, National Security Council, Prime Minister's Department; Director, Anti-Narcotics Task Force, National Security Council (1983-May 1988).

Mr. Hans LUNDBORG (Sweden)

Deputy Assistant Under-Secretary, Ministry of Health and Social Affairs; Representative or Member of the Swedish delegation to numerous regional and international meetings on narcotic drugs.

Sir Peter MARSHALL, KCMG (United Kingdom of Great Britain and Northern Ireland)

Chairman, Commonwealth Trust, London; Minister of the United Kingdom Mission to the United Nations, New York (1975-1979); United Kingdom Permanent Representative to the United Nations at Geneva (1979-1983); Commonwealth Deputy Secretary-General (Economic) (1983-1988).

Ambassador Jorge MONTAÑO (Mexico)

Permanent Representative of Mexico to the United Nations; Former Assistant Secretary for Multilateral Affairs, Ministry of Foreign Affairs.

Ambassador Herbert S. OKUN (United States of America)

United States Foreign Service. Ambassador-in-Residence, Carnegie Corporation of New York; Deputy Permanent Representative of the United States to the United Nations, 1985-1989.

Mr. Yacov A. OSTROVSKY (Union of Soviet Socialist Republics)

Deputy Chief, International Law Department, USSR Ministry of Foreign Affairs.

Professor Ernesto SAVONA (Italy)

Professor of Criminology, Faculty of Law, University of Trento, Italy; National Institute of Justice Fellow (1989-1990), United States Department of Justice, Washington, D.C.

Mr. M. M. SETHI (India)

Additional Secretary to the Government of India, in-charge of Narcotics (1985-1990); Joint Secretary (1982-1984); Counsellor, High Commission, London (1974-1980); Deputy Secretary/Director (1970-1974), Assistant Narcotics Commissioner, India (1963-1968).

Police Lt-Gen. Chavalit YODMANI (Thailand)

Secretary-General, Office of the Narcotics Control Board, Office of the Prime Minister, Bangkok.

APPENDIX II

United Nations bodies and units dealing with drug control

Body/unit	Established (year)	Functions	Staff (1990) (All sources)			Expenditure 1988-1989 ($ millions)		
			Professional	General Service	Total	Regular budget	Voluntary	Total
The Commission on Narcotic Drugs	1961 (one of the six functional commissions of the Economic and Social Council)	The Commission is the central policy-making body in the United Nations system for dealing in depth with all questions related to drug abuse control. The Commission is the successor of the Advisory Committee on the Traffic in Opium and Other Dangerous Drugs, which was set up by the first Assembly of the League of Nations in 1920. The 1961 Single Convention on Narcotic Drugs, as amended by the 1972 Protocol, the 1971 Convention on Psychotropic Substances and the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988 assigned important functions to it. It assists the Economic and Social Council in supervising the application of international conventions and agreements dealing with narcotic drugs and psychotropic substances, considers any changes that may be required in existing machinery for the international control of such drugs and may prepare new conventions and international instruments. The Commission consists of 40 member States and meets annually, with regular sessions alternating with special sessions. Regular sessions last eight working days, and special sessions five working days. This compares interestingly with the three weeks that was normal when the Commission first started. Its membership then was only 15. The interest of Governments in the work of the Commission (as manifested by the numbers attending, including member Governments, observers, intergovernmental organizations and non-governmental organizations) is now very much greater. The Commission has several subsidiary bodies, including the Sub-Commission on Illicit Drug Traffic and Related Matters in the Near and Middle East, and the regional and interregional meetings of Heads of National Drug Law Enforcement Agencies, Asia and the Pacific, Africa, Latin America and the Caribbean, and Europe.	Staff and budget provided by the Division of Narcotic Drugs (See below)					
The International Narcotics Control Board (INCB)	1961	INCB was established by the Single Convention on Narcotic Drugs of 1961, for the supervision and control of the implementation of treaty provisions. It is the successor to two control bodies, the first of which, the Permanent Central Opium Board, was established in 1925. A series of treaties confer on the Board specific responsibilities. The Board "shall endeavour to limit the cultivation, production, manufacture and use of drugs to an adequate amount required for medical and scientific purposes"						

Body/unit	Established (year)	Functions	Staff (1990) (All sources) Professional	General Service	Total	Expenditure 1988-1989 ($ millions) Regular budget	Voluntary	Total
		and "to ensure their availability for such purposes" and "to prevent illicit cultivation, production and manufacture of, and illicit trafficking in and use of drugs". In carrying out its responsibilities, the Board is mandated to act in co-operation with Governments, to maintain continuing dialogues with them in order to further the aims of the treaties and to deal with problems pointed out by the Commission on Narcotic Drugs. Such dialogues are pursued through periodic consultations and through special missions arranged in agreement with the Governments concerned. The estimate system, the monitoring of the legal production, manufacture, export, import, distribution and use of drugs, the collection, assessment and analysis of statistics are examples of the functions of the Board. The Board consists of 13 members, elected by the Economic and Social Council, who serve in their personal capacities not as government representatives. Three members with medical, pharmacological or pharmaceutical experience are elected upon the nomination of the World Health Organization and 10 members upon the nomination of Members of the United Nations and parties that are not members.						
The International Narcotics Control Board (INCB) secretariat		The INCB secretariat is an integral part of the Secretariat of the United Nations. While under the full administrative control of the Secretary-General, it is bound to carry out decisions of the Board. According to the 1961 Convention, the head of the INCB secretariat is appointed by the Secretary-General in consultation with the Board. The INCB secretariat's purpose is to service the INCB and its activities. It has, in addition to the Office of the Secretary, sub-units for estimates, narcotics control, psychotropics control and precursors control.	18	11	29	3.2	0.4	3.6
The Division of Narcotic Drugs	1946	The Division of Narcotic Drugs performs a variety of functions deriving both from the key conventions and from specific mandates of the General Assembly, the Economic and Social Council and the Commission on Narcotic Drugs. It services meetings of the Commission and of its subsidiary bodies. It has four operational sections concerned with treaty implementation and servicing the Commission; applied scientific research and technical advice; the suppression of illicit traffic; and demand reduction, the co-ordination of external relations and information. The Division is headed by a Director who reports on programme activities to the Director-General of the United Nations Office at Vienna.	29	18	47	4.5	4.3	8.6

Body/unit	Established (year)	Functions	Staff (1990) (All sources) Professional	General Service	Total	Expenditure 1988-1989 ($ millions) Regular budget	Voluntary	Total
The United Nations Fund for Drug Abuse Control	1971	The United Nations Fund for Drug Abuse Control was established in 1971, following the adoption of resolutions by the Economic and Social Council and the General Assembly, to develop programmes of assistance to Governments in combating the production, trafficking and use of illicit drugs and to raise funds for the execution of those programmes. The activities of the Fund cover all types of anti-drug efforts in the reduction of demand, the reduction of supply and illicit traffic. They include rural development, training of operators in the various sectors, the provision of equipment, transfer of technology and technical information for improving the administrative and technical capacity of public and private structures in charge of drug abuse control, as well as research, collection and dissemination of information. In 1982, the Fund developed its country and regional master plans, which are a key element in the organization of its activities. All of these activities, as well as the administrative costs of the Fund, are funded by voluntary contributions from Governments and private bodies. The Fund is headed by an Executive Director who reports directly to the Secretary-General. The contributions to the Fund between 1971 and 1989 have totalled approximately $350 million. During the years 1988-1989, Fund expenditures represented $75 million, of which $4 million (5.3 per cent) were executed by the Division of Narcotic Drugs and INCB. About 40 per cent of the programme of the Fund is executed outside of the United Nations system. During the period between 1985 and 1989, the Fund initiated 47 projects in 37 countries, representing a total budget of $160 million; 73 per cent of the funds are allocated to projects in seven countries. 98.2 per cent of the staff of the Fund come from developed countries.	39	33	72	-	75	75
		Grand total	**86**	**62**	**148**	**7.7**	**79.5**	**87.2**

APPENDIX III

Summary of conclusions of previous United Nations studies of drug control units

I. 1965-1967

The internal management survey of the Division of Narcotic Drugs and the secretariat of the International Narcotics Control Board (INCB) carried out in 1965 (pre United Nations Fund for Drug Abuse Control), while finding no significant duplication of work, recommended the amalgamation of the two secretariats on grounds of better and more effective utilization of staff and facilities.

This recommendation was not implemented; Economic and Social Council resolution 1196 (XLII) of 1967, endorsed by Council resolution 1775 (LIV) of 1973, laid down that the judicial element of the INCB's functions, particularly in relation to law enforcement, dictated that its independence must be both real and apparent.

II. 1978-1989

The question of whether the Division of Narcotic Drugs and the United Nations Fund for Drug Abuse Control should be merged was examined in 1978-1979; the Joint Inspection Unit saw some advantages in bringing the two organizations together under one head, but decided not to recommend it, pointing out that any such recommendation would have to depend upon the timetable for the appointment of the existing Heads, and adding that such a merger would only be practicable so long as the Fund remained at about its present (i.e. 1979) size.

So no action was taken.

III. 1980-1981

A lengthy management review of the three drug units, involving several interviews with the Heads of each of the drug units, interviews with 23 Professional and 17 General Service staff and the completion of 55 questionnaires, was carried out by the Administrative Management Service in 1980-1981.

It concluded that the Division of Narcotic Drugs, redesignated the Narcotic Drugs Centre, should lead in the United Nations drug control activities; that the United Nations Fund for Drug Abuse Control secretariat should be merged with this Centre; and that the Head of the Centre should be required to raise funds and exercise the functions of executive direction and management of the United Nations drug programmes.

None of these conclusions was ever implemented, because of the "political" difficulties involved.

APPENDIX IV

Drug abuse control expenditures

(1988-1989)

	Regular ($ million)	Extrabudgetary ($ million)	Total ($ million)
International Narcotics Control Board	3.2	0.4	3.6
Division of Narcotic Drugs	4.5	4.3	8.8
United Nations Fund for Drug Abuse Control	-	70.0	70.0
Total	7.7	74.7	82.4
	(9 per cent)	(91 per cent)	(100 per cent)

UNITED
NATIONS

A

General Assembly

Distr.
GENERAL

A/45/653
30 October 1990
ENGLISH
ORIGINAL: ENGLISH/RUSSIAN/
SPANISH

Forty-fifth session
Agenda item 31

ZONE OF PEACE AND CO-OPERATION OF THE SOUTH ATLANTIC

Report of the Secretary-General

CONTENTS

		Paragraphs	Page
I.	INTRODUCTION	1 - 3	2
II.	OTHER ACTIVITIES FOR THE IMPLEMENTATION OF THE OBJECTIVES OF THE ZONE OF PEACE AND CO-OPERATION OF THE SOUTH ATLANTIC	4 - 5	2
III.	REPLIES RECEIVED FROM GOVERNMENTS		4
	Argentina		4
	Brazil		5
	Bulgaria		8
	Mexico		9
	Poland		10
	Union of Soviet Socialist Republics		11
	United Kingdom of Great Britain and Northern Ireland		12

I. INTRODUCTION

1. In its resolution 44/20 of 14 November 1989 entitled "Zone of peace and co-operation of the South Atlantic", the General Assembly called upon all States to co-operate in the promotion of the objectives of peace and co-operation established in the declaration of the zone of peace and co-operation of the South Atlantic (see Assembly resolution 41/11 of 27 October 1986) and to refrain from any action inconsistent with those objectives, particularly actions which might create or aggravate situations of tension and potential conflicts in the region; welcomed the assistance that the Office for Ocean Affairs and the Law of the Sea of the Secretariat and the United Nations Development Programme (UNDP) extended towards the convening by the States of the zone of two seminars, to be held in the Congo in 1990 and in Uruguay in 1991, devoted to the review of the development and implementation of the legal régime established by the United Nations Convention on the Law of the Sea; and requested the Secretary-General to keep the implementation of resolution 41/11 under review and to submit a report to the General Assembly at its forty-fifth session, taking into account, inter alia, the views expressed by Member States.

2. Pursuant to that resolution, the Secretary-General on 6 April 1989 addressed a note verbale to the Governments of Member States requesting their views on implementation of the declaration of the zone of peace and co-operation of the South Atlantic.

3. As at 15 October 1990, seven Governments had replied to the Secretary-General. Any replies and notifications that may be received subsequently will be published as addenda to the present report.

II. OTHER ACTIVITIES FOR THE IMPLEMENTATION OF THE OBJECTIVES OF THE ZONE OF PEACE AND CO-OPERATION IN THE SOUTH ATLANTIC

4. The second meeting of States of the zone of peace and co-operation of the South Atlantic was held at Abuja, Nigeria, from 25 to 29 June 1990. A wide range of political, economic and environmental problems as well as various aspects of co-operation among the States of the zone were discussed. In the final document of the meeting the representatives of the States of the zone of peace and co-operation, recalling General Assembly resolutions 41/11, 42/16 of 10 November 1987, 43/23 of 14 November 1988 and 44/20, reaffirmed that questions of peace and security and those of development were interrelated and inseparable, and considered that co-operation among the States of the region for peace and development was essential to promoting the objectives of the zone of peace and co-operation of the South Atlantic; underscored the special responsibility of the States of the region for the preservation of peace and security in the zone and renewed their commitment to work together towards that end; expressed their satisfaction at the relaxation of the tensions on the global level and affirmed their hope that those trends would have positive reflections on the attainment of the objectives of the zone; condemned all situations which adversely affected or posed grave threats to the independence, sovereignty and territorial integrity of

the States on both sides of the South Atlantic; urged States of the zone, particularly those with relevant capabilities, to consider possible co-operation with interested member States towards the establishment of joint monitoring mechanisms in the South Atlantic, including coastal watch, and stressed the need for peaceful and legitimate maritime transactions in the South Atlantic Ocean that excluded outside foreign interference, military rivalry and nuclear weapons competition; recognized, in view of the adverse international economic environment, the importance of enhanced co-operation in economic and financial matters among member States, and agreed that greater co-ordination of policies at various forums in critical areas like debt, trade flows, market access and investment would contribute significantly to the realization of the objectives; called for co-operation and co-ordination of policies on such activities as regular organization of trade fairs, foreign investment promotions, exchange of commercial and trade intelligence information, exchanges of information on investment opportunities, and provision of other relevant basic data for use by member States of the zone; agreed that increased trade and commercial co-operation would be facilitated through the setting up of ad hoc groups of experts drawn from member States of the zone and covering key areas of interest; and reiterated that the South Atlantic marine environment should remain free from pollution and, in this context, commending member States that have maintained the "Dump Watch", decided to strengthen that mechanism recommended by the first meeting with the aim of closely monitoring, collating and disseminating information and data on the movement in the region of vessels suspected of carrying hazardous, toxic and nuclear wastes. Considering the integral link of the South Atlantic environment to that of the neighbouring southern continent of Antarctica, States of the zone further reiterated their preoccupation that Antarctica be safeguarded from environmental pollution, because that might spill over into the South Atlantic Ocean. They also emphasized, as a means of achieving peace and co-operation in the region, the need to further enhance the mutual knowledge of the peoples of the zone by strengthening the links existing among them in the fields of culture, education and public information, as well as by promoting tourism within the region. To that end, they urged member States of the zone to propose through the Co-ordinator practical steps to develop and strengthen such cultural contacts between their peoples.

5. Pursuant to the decision of the first meeting of States of the zone of peace and co-operation of the South Atlantic (see A/43/512, annex) and to General Assembly resolution 44/20, the first meeting of the group of experts on the law of the sea of the States members of the zone of peace and co-operation of the South Atlantic was held at Brazzaville, Congo, from 12 to 15 June 1990. At the meeting, particular importance was attached to various problems related to the implementation in the region of the United Nations Convention on the Law of the Sea and to the national maritime policies of the States of the zone as well as to the areas of co-operation among States of the zone of peace and co-operation, including, inter alia, harmonization of national legislation and a review of national marine policies, with a view to the development of co-operation at various levels, and the protection and preservation of the maritime environment and of living and non-living marine resources.

III. REPLIES RECEIVED FROM GOVERNMENTS

ARGENTINA

[Original: Spanish]

[16 August 1990]

1. The Government of the Argentine Republic wishes to reiterate once again its firm adherence to the declaration of the zone of peace and co-operation of the South Atlantic (General Assembly resolution 41/11), in the conviction that the countries of the region have a primary responsibility in the attainment of its objectives. Nevertheless, the Argentine Government considers that the States of all other regions, in particular the militarily significant States, also have a special responsibility to co-operate with one another so as not to impede the achievement of those objectives.

2. Among the exhortations contained in General Assembly resolution 44/20, the Government of the Argentine Republic feels that particular importance attaches to that in paragraph 2, in which the General Assembly "calls upon all States to co-operate in the promotion of the objectives of peace and co-operation established in the declaration of the zone of peace and co-operation of the South Atlantic and to refrain from any action inconsistent with those objectives, particularly actions which may create or aggravate situations of tension and potential conflict in the region".

3. It is thus very relevant that on 15 February 1990 Argentina and the United Kingdom of Great Britain and Northern Ireland issued a joint statement (A/45/136-S/21159) in which they agreed to re-establish diplomatic relations, and to take a series of measures aimed at developing bilateral relations. Those measures include the establishment of the Working Group on South Atlantic Affairs with the mandate of considering formulas relating to some of the problems arising out of the maintenance of the colonial situation. Furthermore, some of the specific measures agreed on have the objective of building confidence and avoiding military incidents in the South Atlantic.

4. In this context it is also important to note that in the Final Document of the second meeting of the States of the zone of peace and co-operation of the South Atlantic, held at Abuja, Nigeria, from 25 to 29 June 1990, the States of the region declare, inter alia, that they:

> "Recall with concern that serious obstacles for the full implementation of the goals of the Zone of Peace and Co-operation of the South Atlantic still remain, as the colonial situation existing in the Malvinas Islands and the maintenance of a considerable military build-up within the Zone constitute a source of tension and a potential danger for peace and security in the area;
>
> "Take note with satisfaction of the re-establishment of diplomatic relations between the Governments of the Argentine Republic and the United Kingdom of Great Britain and Northern Ireland and of the agreements contained

in the British-Argentine Declarations given at Madrid on 19 October 1989 and 15 February 1990;

"Express the hope that this new process of dialogue and co-operation should lead, as soon as possible, to the resumption of negotiations with a view to finding a just and durable solution to the dispute on sovereignty existing between both States;

"Urge the full implementation of the United Nations General Assembly resolutions related to the question of the Malvinas Islands, that recommend that both States find the means to resolve peacefully and definitively all aspects of the future of the Islands, in accordance with the Charter of the United Nations".

5. The entry of Namibia into the community of sovereign States, following a long and difficult process which caused great suffering to its people, is a source of gratification to the Argentine Republic, which welcomes this new South Atlantic coastal state.

6. Furthermore, the Argentine Government maintains that peace and co-operation in the South Atlantic would be significantly facilitated through strict implementation of the United Nations resolutions aimed at the eradication of colonialism, racism and apartheid, and through respect for the sovereignty, national unity and territorial integrity of the coastal States of the region.

7. With regard to the Latin American States adjacent to the South Atlantic, it should be stressed that Argentina is developing a broad process of integration and co-operation with Brazil and Uruguay, the results of which are already contributing to strengthening the spirit of the zone of peace and co-operation of the South Atlantic.

BRAZIL

[Original: English]

[2 August 1990]

1. Since the adoption of resolution 41/11 by the General Assembly on 27 October 1986, significant changes have occurred on the international political scene, including the emerging of a new willingness on the part of States to engage in dialogue and to establish stable relationships based on a balance of interests and on mutuality of benefits. This climate has made possible the negotiated settlement of old disputes in various regions of the globe, which in many cases were kindled and fuelled by external rivalries. We have witnessed a revival of collective efforts as an appropriate recourse in the search for agreement among parties in dispute.

2. This context of positive evolution in the international situation has been favourably reflected in the South Atlantic region, which has shown unmistakable

signs of progress. In fact, since 1986, Argentina and the United Kingdom have resumed their dialogue; there has been an improvement in the situation of confrontation in southern Africa, with the independence of Namibia and the resolution of the problem of foreign intervention in Angola; initial but concrete steps are being taken towards the irreversible abolition of the apartheid régime in South Africa, among them, the release of the eminent leader Nelson Mandela.

3. As a further reflection of this positive evolution, to which the intense efforts of the States of the region have contributed, one also notices a continuous and steady consolidation of the zone of peace and co-operation of the South Atlantic as an area with its own specific identity and objectives. Since the adoption by the Assembly of resolution 41/11, successive resolutions have met with ever increasing support from Member States, and today there is almost universal support for the zone. This situation is the result of the growing awareness and understanding on the part of other countries of the high and constructive objectives that inspire the South Atlantic States.

4. Aware of the importance of the United Nations to the establishment of an ideal climate of peace and harmony in southern Africa, Brazil continued, in 1990, to contribute with troops, including at command level, to the contingent of the United Nations Angola Verification Mission (UNAVEM). Furthermore, in the context of co-operation towards the early integration of an independent Namibia in the community of South Atlantic States, Brazil hosted, in December 1989, a seminar on human resources and development planning for that country, promoted by the United Nations Council for Namibia, as provided for in Assembly resolution 43/26 C. That event made possible the identification of means for technical co-operation between both countries, especially in the areas of agricultural research, transportation, energy and public administration.

5. In the framework of the effort to intensify dialogue and constructive co-operation among the nations of the South Atlantic region, the first Seminar of the Group of Experts on the Law of the Sea from States of the Zone of Peace and Co-operation of the South Atlantic was held at Brazzaville from 12 to 15 June 1990 with the assistance of the Office for Ocean Affairs and the Law of the Sea and the financial support of UNDP. That initiative fulfilled the expectations expressed in this regard by the participants in the first meeting of States of the zone of peace and co-operation of the South Atlantic, held at Rio de Janeiro in July 1988, and made it possible for the first time for representatives of the South Atlantic States to exchange views and information on issues related to the law of the sea and their respective maritime priorities. It also laid an important basis for the identification, during the second seminar, to be held at Montevideo in 1991, of concrete projects of co-operation which address the needs of the States of the South Atlantic region.

6. Also carrying out the objective of establishing a new kind of relationship, beneficial to all the States on both sides of the Ocean, the second meeting of the States of the zone of peace and co-operation of the South Atlantic was held at Abuja, Nigeria, from 25 to 29 June 1990. Indeed, that meeting constituted concrete proof that the idea of fostering peace and co-operation in the South Atlantic region is already beginning to achieve its major aim, which is to stimulate regular

contacts among the nations of the region, thus making possible an objective and realistic evaluation of the efforts undertaken as well as the formulation of new lines for joint action.

7. If in the first meeting the main concern was to address basically conceptual aspects, in the second meeting concrete ways to implement the objectives set forth in the Rio de Janeiro Declaration were identified. One of these ways is the strengthening of technical co-operation among the States of the area. In this respect, Brazil has developed with the African countries of the zone of peace and co-operation of the South Atlantic different programmes and projects in several areas, with the support, where appropriate, of pertinent international organizations. Thus, the Brazilian Government reiterated, during the Abuja meeting, its readiness to continue this co-operation, especially in the areas of agroindustry, rural extension, reforestation and environmental protection, and expressed its interest in the strengthening of small and medium-sized enterprises and in the support of industrial rehabilitation.

8. At the first meeting of States of the zone of peace and co-operation of the South Atlantic, there was an extensive exchange of information on ways of protecting the marine environment. In the Final Declaration, the participants agreed that the South Atlantic marine environment must remain free from pollution and expressed their willingness to study and adopt measures to prevent and control the dumping of hazardous, toxic and nuclear wastes in the maritime areas of the region, including the high seas. As the host country of the 1992 United Nations Conference on Environment and Development, Brazil indicated at the second meeting its particular interest in strengthening co-ordination among the South Atlantic States in the elaboration of converging positions on the subject, as reflected in the Final Declaration of the Abuja meeting.

9. In his inaugural address, President Fernando Collor indicated the intention of the Brazilian Government to strengthen the tradition of friendship, of efforts towards regional peace, of co-operation and dialogue with the Latin American countries. As to the African countries, he stressed the Government's readiness to work to restore dynamism to our relationship, much affected in recent years by the difficulties developing countries were generally confronted with. President Collor also stated that "we will stress our identity, deepening a notion of cultural and historical community and condemning racism, particularly the apartheid régime in South Africa, that we hope is in its terminal phase".

10. The participation of Brazil in the second meeting of States of the zone of peace and co-operation of the South Atlantic reflected, therefore, the continuing commitment by Brazil to the ideals of peace and co-operation among the States of the region, for the benefit of all its peoples.

BULGARIA

[Original: Russian]

[14 August 1990]

1. The People's Republic of Bulgaria maintains its favourable attitude towards the proposal to declare the South Atlantic a zone of peace and co-operation. This attitude is based on Bulgaria's consistent position on regional confidence- and security-building measures and the creation of nuclear-weapon-free zones and zones of peace in various parts of the world.

2. A number of positive trends are currently discernible in international political life. These trends have been felt particularly strongly on the continent of Europe. The events in Eastern Europe and the USSR in the past year have opened the way to the assertion of democratic ideals. There are real prospects for the successful completion of the first stage of the negotiations on the reduction of conventional weapons and on confidence- and security-building measures in Europe.

3. The existing process of nuclear disarmament has gained new dimensions. Following the Treaty on the elimination of intermediate-range and shorter-range missiles, the time has now come for an agreement on the reduction of the strategic offensive weapons of the Soviet Union and the United States. Bulgaria believes that nuclear disarmament must become a continually expanding process in which the other nuclear States could genuinely join.

4. Given this extremely favourable international situation, special importance attaches to the proposal to declare the South Atlantic a zone of peace and co-operation. The purpose of this idea is to exclude this region of the world from the sphere of activities of military alliances, a move which will inevitably lead to a reduction of tension and the strengthening of peace and good-neighbourliness.

5. The proclamation of the independence of Namibia is evidence of the great opportunities which now exist for the solution of the principal problems of peace and security in the world by peaceful means, by means of dialogue and negotiation.

6. Bulgaria regards the elimination of the last colony in Africa as a major success for the Namibian people and the international community. It has established diplomatic relations with the new State and has indicated its readiness to develop mutually advantageous co-operation with it in all areas of common interest.

7. Bulgaria believes that the international community must support the dialogue which has been initiated between the Government of South Africa and the leaders of the African National Congress. It supports the steps taken to find a just settlement of the internal African conflicts in the People's Republic of Angola and the People's Republic of Mozambique. It supports the proposal of those States concerning the initiation of direct negotiations with UNITA and RENAMO with a view to finding sensible and mutually acceptable compromises and solutions.

8. The proposal for the establishment of a zone of peace and co-operation in the South Atlantic is serious evidence of the promising prospects for the guaranteeing of national security on the basis of regional and international security. This region is the site of important maritime lines of communication and trade routes and of various kinds of international co-operation. Bulgaria believes that this co-operation could be expanded and strengthened in the future in conditions of reduced international tension and greater détente in all parts of the world, including the seas and oceans. The limitation and reduction of naval armaments should also be linked to the implementation of certain measures to build confidence and good-neighbourly relations which are already being applied in international affairs.

MEXICO

[Original: Spanish]

[29 June 1990]

1. The Government of Mexico reiterates its support for the establishment of the zone of peace and co-operation of the South Atlantic, which, it believes, will contribute to the maintenance of peace and security in the region, and will be a useful instrument for promoting co-operation and development among the nations of the area.

2. Mexico attaches special importance to paragraph 5 of resolution 44/20 in which the General Assembly urges all States to abstain from transferring nuclear wastes to the region and from using it for the disposal of hazardous, toxic or nuclear wastes.

3. Furthermore, in the opinion of the Government of Mexico, the preservation of the environment in this region is an imperative necessity, and for that reason it concurs with the General Assembly's view that the States of the region should adopt necessary measures in order to ensure its protection against environmental damage.

4. In order to consolidate the South Atlantic as a zone of peace and co-operation, it is essential that all the States of the region should undertake to settle peacefully, through negotiations, any disputes that may exist between themselves or with other States outside the region, in the framework of the norms governing the coexistence of nations, and that countries outside the region should agree to observe scrupulously the same undertaking as regards their disputes with States of the zone.

5. In this context, the Government of Mexico would have wished resolution 44/20 to include a reference to the obligation of all States to respect the principles of the United Nations Charter and General Assembly resolutions, which would make a significant contribution to the consolidation of the zone of peace and co-operation of the South Atlantic, in accordance with the original objectives of the States of the area.

6. Mexico reaffirms its satisfaction at Namibia's attainment of independence and its admission as a State Member of the United Nations. This achievement, shared by the Namibian people and the international community as a whole, opens up prospects for the total eradication of the apartheid régime and its consequences in southern Africa, which is a prerequisite for the achievement of the objectives of the zone of peace and co-operation of the South Atlantic.

7. As a party to the United Nations Convention on the Law of the Sea, the Government of Mexico welcomes the assistance that the Office for Ocean Affairs and the Law of the Sea of the Secretariat and the United Nations Development Programme are extending towards the convening by the States of the zone, of two seminars to review the development and implementation of the legal régime established by the Convention on the Law of the Sea, to be held in the Congo in 1990 and in Uruguay in 1991.

POLAND

[Original: English]

[30 August 1990]

1. The foreign policy of the Republic of Poland rests on the fundamental assumption that the activities of the international community should be aimed at extinguishing and eliminating all conflicts that put States as well as social and political movements against each other and at creating suitable conditions for establishing fruitful co-operation in all spheres. For this reason Poland believes that all efforts aimed at establishing zones of peace, security and international co-operation in various regions of the globe are of exceptional importance.

2. It is in this spirit that the Government of the Republic of Poland gives consideration to the important initiative put forward by the United Nations concerning the transformation of the region of the South Atlantic, situated between Africa and South America, into a zone of peace, security and friendly co-operation of States of that region and of the super-Powers, in particular the United States and the Soviet Union, which have political, economic and military interests both in South America and Africa.

3. The zone of the South Atlantic has not been free from dangerous conflicts, including armed ones. The war between Great Britain and Argentina for the Falkland Islands (Malvinas) as well as the still not extinguished armed conflicts in the South of Africa, waged on the territories of Angola and the Republic of South Africa, only confirm this. Only a few months have passed since Namibia gained independence after 24 years of armed struggle and 40 years after the question of Namibia was placed at the United Nations. The United Nations played a key role in the process of Namibia's decolonization and in its liberation from South African occupation, and now this great success should bear fruit in Namibia's inclusion into the commonwealth of States of the South Atlantic basin.

4. The Government of Poland is strongly convinced that all the Member States, guided by the desire to extend also onto this region the principles of friendly relations and co-operation among States, should without hesitation give their full support to the idea of establishing the zone of peace and co-operation of the South Atlantic. An important step towards putting into practice the resolution of the General Assembly would be the elimination from the South Atlantic of the United States and Soviet war fleets, which have now become a relic of the receding epoch of confrontation and rivalry between these two super-Powers; as well as a speedy conclusion of the withdrawal process of Cuban troops and groups of Soviet and East German instructors from Angola.

5. It is the opinion of the Government of Poland that further deepening and acceleration of the process of basic internal transformations in the Republic of South Africa, aimed at abolishing the system of apartheid, as well as the stabilization of the internal situation in Angola, achieved on the basis of a compromise between the authorities ir Luanda and the opposition forces headed by UNITA, are indispensable conditions for the establishment of the zone of peace and co-operation of the South Atlantic. The Government of Poland supports these actions, nurturing the conviction that a constructive solution of the South African and Angolan problems will create necessary conditions for the establishment of the zone of peace and co-operation of the South Atlantic.

UNION OF SOVIET SOCIALIST REPUBLICS

[Original: Russian]

[12 July 1990]

1. The Soviet Union has consistently spoken out in support of regional initiatives to remove the threat of war and secure concerted action by the States concerned for the solution of common problems, since it regards such initiatives as an effective means of making the disarmament process universal and creating a new model of international security. These considerations also apply fully to the idea of establishing a zone of peace and co-operation in the South Atlantic, an idea which is gradually becoming a reality as a result both of the general improvement in the international political climate and of the favourable processes unfolding in the region itself.

2. The consolidation and development of the qualitative changes in the region would be facilitated by the speedy dismantling of the system of apartheid in South Africa. In the opinion of the USSR, at the present stage one of the primary tasks of the United Nations and of the whole international community is to step up efforts to ensure that the positive breakthroughs in South Africa become irreversible.

3. Further steps to resolve the internal conflict in Angola by political means must also become an integral part of the efforts to create a zone of peace and co-operation in the South Atlantic.

4. The Soviet Union is convinced that the transformation of the South Atlantic into a zone of peace and co-operation means that efforts to secure a political settlement of conflicts must be supplemented by vigorous measures to ensure security in the military sphere. This applies above all to the need for further action to invest the zone with a genuine non-nuclear status, inter alia, by the accession of the States of the region, above all South Africa, to the Treaty on the Non-Proliferation of Nuclear Weapons and by bringing the whole of South Africa's nuclear activity under the control of the International Atomic Energy Agency. For its part, the USSR remains ready to discuss with the United States and the other major military Powers, as well as with the States of the South Atlantic region, the question of what needs to be done to comply with the appeal of the General Assembly for a reduction of the military presence and a ban on nuclear and other types of weapons of mass destruction in that part of the world. It believes that another important practical step would be to move towards the adoption of measures to build confidence and ensure the security of the maritime lines of communication in the South Atlantic. The elaboration of such measures might be based on the document concerning disarmament in the field of naval arms approved by the United Nations Disarmament Commission in May 1990. The beginning of multilateral substantive consideration of the problems indicated above would not only encourage progress towards the establishment of a zone of peace and co-operation in the South Atlantic but would also clearly serve the cause of strengthening global strategic stability.

5. The multifarious co-operation within the zone which is gradually gaining ground is also destined to be a corner-stone of security in the South Atlantic. Extremely promising, too, are the steps taken to establish regional co-operation in the field of environmental protection, which are particularly relevant in view of the United Nations Conference on the environment scheduled for 1992. In the opinion of the USSR, the United Nations and its organs, if so requested, could support the efforts of the States of the region, in accordance with the appeal of the General Assembly, in both the environmental and other fields in order to achieve the goals of the declaration of the South Atlantic as a zone of peace and co-operation.

UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

[Original: English]

[6 September 1990]

The British Government welcomes the objectives of General Assembly resolution 44/20, which are to promote peace and co-operation in the South Atlantic. In this regard it wishes to draw attention to the joint statement of the British and Argentine Governments of 15 February 1990 (A/45/136-S/21159, annex). Paragraph 5 of this document and the associated appendices describe specific measures taken to build confidence and to avoid incidents in the military sphere in the South Atlantic, which are designed to promote the same objectives as those of the resolution.

UNITED
NATIONS

A

General Assembly

Distr.
GENERAL

A/45/654
19 October 1990
ENGLISH
ORIGINAL: ARABIC AND ENGLISH

Forty-fifth session
Agenda item 25

CO-OPERATION BETWEEN THE UNITED NATIONS AND THE LEAGUE OF ARAB STATES

Letter dated 18 October 1990 from the Permanent Representative of Kuwait to the United Nations addressed to the Secretary-General

I take pleasure in informing you that the Council of the League of Arab States has adopted, at its extraordinary meeting on 10 September 1990, resolution 5042, which stipulates:

> The proclamation of the return of the League of Arab States to its permanent headquarters in Cairo and the execution of this resolution on 10 September 1990.

May I ask you to circulate the present letter as an official document of the General Assembly under agenda item 25 and to bring it to the notice of all Member States, the main organs and subsidiary organs of the United Nations, as well as of the specialized agencies and other organizations affiliated with the United Nations.

(Signed) Mohammad A. ABULHASAN
Ambassador
Chairman of the Arab Group

UNITED
NATIONS

A S

General Assembly Security Council

Distr.
GENERAL

A/45/655
S/21888
19 October 1990

ORIGINAL: ENGLISH

GENERAL ASSEMBLY
Forty-fifth session
Agenda items 23, 35 and 75
QUESTION OF PALESTINE
THE SITUATION IN THE MIDDLE EAST
REPORT OF THE SPECIAL COMMITTEE TO
INVESTIGATE ISRAELI PRACTICES
AFFECTING THE HUMAN RIGHTS OF THE
PALESTINIAN PEOPLE AND OTHER ARABS
OF THE OCCUPIED TERRITORIES

SECURITY COUNCIL
Forty-fifth year

Letter dated 19 October 1990 from the Chargé d'affaires a.i. of the Permanent Observer Mission of Palestine to the United Nations addressed to the Secretary-General

I am instructed by the Executive Committee of the Palestine Liberation Organization, which has the powers and responsibilities of the Provisional Government of Palestine, to bring the following to your immediate attention:

The situation in the Palestinian territory occupied by Israel since 1967, including Jerusalem, continues to deteriorate at an alarming pace. Israel, the occupying Power, remains persistent in its violation of human rights, international law and the provisions of the Fourth Geneva Convention, as well as Security Council resolutions.

Since the Al Haram Al Shareef massacre, which took place in Jerusalem on 8 October 1990 and resulted in the killing of 22 and the wounding of hundreds of Palestinians at the hands of Israeli soldiers, Israel, the occupying Power, is still escalating its attacks on unarmed Palestinian civilians.

On 18 October 1990, Palestinians living in Gaza witnessed unbearable measures of repression at the hands of Israeli soldiers, resulting in the wounding of 31 Palestinians from live ammunition, 52 from tear gas-related injuries and 36 from severe beatings. Furthermore, and also on 18 October 1990, a 65-year-old Palestinian woman in Nablus was beaten to death at the hands of Israeli soldiers.

Just today, 19 October 1990, Israeli military forces injured 40 Palestinians in Khan Yunis, Gaza Strip, with live ammunition and rubber bullets.

As is already known, Israel has rejected Security Council resolution 672 (1990) and has refused to receive the mission that was to be sent by the Secretary-General. This, in addition to the aforementioned situation, requires immediate action from the Security Council.

I should be grateful if you would arrange to have the text of this letter circulated as an official document of the General Assembly, under agenda items 23, 35 and 77, and of the Security Council.

(Signed) Dr. Nasser AL-KIDWA
Alternate Permanent Observer of
Palestine to the United Nations
Chargé d'affaires a.i.

UNITED
NATIONS

A

General Assembly

Distr.
GENERAL

A/45/656
23 October 1990

ORIGINAL: ENGLISH

Forty-fifth session
Agenda item 83

EXTERNAL DEBT CRISIS AND DEVELOPMENT

THE RECENT EVOLUTION OF THE INTERNATIONAL DEBT STRATEGY

Report by the Secretary-General

I. INTRODUCTION

1. The General Assembly has, during past years, examined the external debt problems of developing countries, and sought to enlarge the area of international agreement on the policy approaches required to overcome those problems successfully. Most recently, at its forty-fourth session, the General Assembly adopted resolution 44/205 of 22 December 1989, which, among other things, spelled out a number of measures that would be required in order to ensure that recent initiatives on debt, in particular those related to debt reduction, in conjunction with appropriate economic policies and a favourable international environment, have an effective and comprehensive impact on the reactivation of economic growth and sustained development in the developing countries.

2. In order to help support the General Assembly in its endeavour to enlarge the area of international agreement on policy approaches to debt problems, the Secretary-General appointed, at the end of 1989, the Honourable Bettino Craxi as his Personal Representative on Debt. Mr. Craxi was to meet with government leaders of creditor and debtor countries, heads of financial institutions and banks in the course of the next year in order to explore ways and means, propose courses of action and, in general, promote the speedy and effective lowering of the debt burden of those countries.

3. The Personal Representative on Debt has completed his task and the Secretary-General is submitting to the General Assembly the report by Mr. Craxi (A/45/380). The report of the Personal Representative contains an extensive analysis of the origin, evolution, scope and character of debt problems facing developing countries and proposes policy remedies. The present report seeks to

review the main developments in the evolution of the international debt strategy since the adoption of resolution 44/205 and to provide a brief assessment of that evolution.

II. THE EVOLUTION OF THE DEBT STRATEGY

4. From mid-1989 to mid-1990 important steps forward were made in implementing the improvements in the debt strategy called for by the Brady initiative and the Toronto agreement (see below), with a number of individual debtor countries able to negotiate their debt on more favourable terms. These developments occurred against the background of continued external financial difficulty and generally poor overall growth performance. The net transfer of resources associated with medium- and long-term borrowing by developing countries remained strongly negative, amounting to about $35 billion in 1989. 1/ This has continued to exert downward pressure on public and private investment and is a root cause of the difficulties being experienced by many countries in bringing public sector revenue and expenditure into better balance. 2/ At the same time, output growth remains, at best, stalled for most debtor countries: output is expected to fall in 1990 in the countries of Latin America taken as a group and output growth in Africa will probably again fall short of population growth. 3/

5. Since mid-1990, the external accounts of most debtor countries have come under the influence of events in the Persian Gulf. Those developments will have a major impact on a number of debtor countries and will seriously complicate economic management in many more. Short-term, emergency financial assistance on appropriate terms to help countries that are adversely affected is needed. 4/ A step in that direction has already been made by donor countries and multilateral institutions, as reflected in the communiqués of the recent meetings of the Interim and Development Committees. If events in the Persian Gulf were to have a medium- or long-term impact on debtor countries, they would generate a need for additional action on several fronts, including the debt strategy.

A. OFFICIAL DEBT

6. By the end of 1989, the debt owed to official creditors (both bilateral and multilateral) by capital-importing developing countries had grown to about $495 billion, accounting for almost half of the total medium- and long-term external debt, as compared to two fifths in 1985. 5/ The considerable increase in official debt was attributable, to a significant extent, to the capitalization of interest in official bilateral debt reschedulings as well as to the accumulation of interest arrears on bilateral and multilateral debt.

1. Official debt rescheduling

7. Since the onset of the debt crisis, the number of official bilateral debt reschedulings has increased rapidly. The rhythm of reschedulings recently reached a very high pace, with 22 meetings in 1989 at the Paris Club (where official

bilateral debt is rescheduled) and 16 in the first nine months of 1990, against an annual average of 16 during 1983-1988. This acceleration is a symptom of the short-term approach of the Paris Club, whereby the consolidation period (the period in which debt service payments to be rescheduled fall due) has been - until recently - typically 12 to 18 months. Thus, in 1989 and during the first nine months of 1990, of the 34 rescheduling countries, 26 had rescheduled at least once before. Of these, 13 had already done so three times or more and 5 at least six times. Moreover, debt service due on previously rescheduled debt has become an increasingly important portion of the consolidated amount, reflecting the inadequacy of the terms of the original agreement.

8. A number of improvements, however, have recently been introduced in Paris Club practices, most notably following the Toronto agreement on concessional relief for poor debtors. Moreover, multi-year rescheduling agreements (MYRAs) have been reintroduced. 6/ Most recently, the Paris Club has lengthened rescheduling maturities and grace periods for lower middle-income countries with high levels of official debt.

9. The Toronto agreement of June 1988 has provided Paris Club creditors with a range of options regarding the official bilateral debt owed by low-income countries: (a) partial forgiveness of debt service; (b) longer repayment periods; and (c) concessional interest rates. The Toronto agreement marked a major advance in the debt strategy in that for the first time creditor Governments recognized the need for concessional relief with regard to non-concessional official debt.

10. Creditors initially offered the Toronto terms to sub-Saharan African countries included in the World Bank's Special Programme of Assistance (SPA), most of them least developed countries; so far, 17 of these African countries have benefited from this initiative. 7/ In 1990, Bolivia and Guyana also obtained Toronto terms. All the beneficiary countries are eligible for World Bank financing only through the International Development Association (IDA).

11. Implementation of the options offered in the Toronto agreement has revealed a number of shortcomings. 8/ The scale of relief they give rise to is extremely limited. For the 15 countries benefiting from the Toronto terms in 1989, the savings on interest payments in that year were less than 2 per cent of the debt service payments of those countries; and several of them will still have to make payments at least three times higher than those they have been able to make in recent years. The small impact of the Toronto scheme reflects its low concessionality: for the 15 beneficiaries, the overall grant element was, on average, about 20 per cent, less than one quarter of the average grant element in new loans and grants extended to severely indebted low-income countries.

12. Another reason for the limited scope of the measures is that only debts meeting certain criteria can be rescheduled. Moreover, only debt service payments falling due during short consolidation periods benefited from the new terms, with the result that repeated reschedulings, which are time-consuming, remained necessary. Some creditors have financed the cost of debt relief by transferring funds from their aid budgets, thus reducing the additionality resulting from the Toronto measures.

13. Reflecting the growing perception of the inadequacy of the Toronto terms, a number of creditor countries have recently put forward bold proposals involving massive debt reduction. At the second United Nations Conference on the Least Development Countries, held in Paris in September 1990, the Government of the Netherlands called for the cancellation of all official bilateral debt owed by least developed and other low-income countries facing severe debt problems and implementing sound economic policies. 9/ At the recent meeting of the Commonwealth Finance Ministers, 10/ the Government of the United Kingdom proposed that Paris Club creditors should reduce the entire stock of official bilateral debt owed by eligible countries by two thirds, with the remaining debt rescheduled over 25 years and interest payments capitalized for the first 5 years.

14. Many middle-income countries whose debt is owed mostly to official creditors also face serious financial difficulties. The issue of debt reduction for those countries has begun to receive increased attention by creditor countries. For instance, in June 1990, France announced measures to lower interest rates on its non-concessional loans to four middle-income countries of sub-Saharan Africa. 11/ At the same time, the United States launched a programme aimed at reducing its official claims on Latin American countries, within the framework of the "Enterprise for the Americas" initiative dealing with the region's trade, investment and debt. The programme envisages a substantial cancellation of concessional loans and the payment of interest in local currency, which may be used to support environmental projects. Furthermore, a portion of non-concessional official loans (such as export credits) would be sold in the market in order to facilitate the conversion of debt into equity and debt-for-nature swaps.

15. Following the recommendations made at the Houston Summit, the Paris Club adopted in September 1990 a new package of measures in favour of heavily indebted lower middle-income countries with high levels of official debt. These measures include the extension of rescheduling maturities to 15 years (with a grace period of up to 8 years) for non-concessional loans and to 20 years (with a grace period of up to 10 years) for official development assistance (ODA) loans. In addition, the new treatment allows limited amounts of debt-equity swaps and other debt conversions - such as debt for nature and debt for aid - by creditor countries on a voluntary basis. 12/

16. Official creditors continue to require that a rescheduling country conclude a prior arrangement with the International Monetary Fund (IMF). This often causes delays, which in turn worsens the country's financial position. Indeed, the link with Fund conditionality has tended to become even stronger; creditors now make the implementation of some rescheduling agreements contingent upon the debtor country meeting performance criteria under Fund arrangements.

2. Multilateral debt

17. For a number of developing countries, multilateral debt represents an important share of their total debt. The service on this debt has become so large that net financial transfers from multilateral institutions to developing countries have declined sharply and a number of debtor countries are experiencing

difficulties in meeting their obligations. In 1989, for instance, developing countries transferred about $4 billion to IMF and net lending itself by that institution (disbursements minus amortization) was a negative $2 billion. Net transfers from the World Bank to the severely indebted middle-income countries were negative in fiscal years 1988 and 1989, and reached a modest positive amount of $1.4 billion in fiscal year 1990. A number of countries are in arrears on their multilateral debt. By mid-1990, 10 countries were in arrears on their IMF debt for an aggregate amount of $4.4 billion, while 7 countries had accumulated arrears with the World Bank totalling $1.8 billion.

18. Multilateral financial institutions have taken some measures to alleviate the servicing burden and thus help avoid arrears on multilateral debt. For instance, in 1988, the World Bank decided to put aside 10 per cent of repayments to IDA to help IDA-eligible countries pay their interest on debt owed to the International Bank for Reconstruction and Development (IBRD) (which was contracted at market rates); a number of donor countries provided additional resources for this purpose. IMF has introduced the Structural Adjustment Facility (SAF) and the Enhanced Structural Adjustment Facility (ESAF) to provide balance-of-payments assistance on concessional terms to low-income countries.

19. However, the Fund has had to take further measures to deal with the problem of already existing arrears. The Fund has thus mobilized additional resources from its developed members through support groups to help those debtor developing countries in arrears to the Fund that are willing to adopt corrective measures. The success of these support groups has so far been limited, as only two countries (Guyana and Honduras) have cleared their arrears with IMF under this approach. Early this year, IMF adopted the "rights" approach, under which a member with massive and protracted arrears could earn "rights" - based on sustained performance during the period of a "rights accumulation" programme monitored by IMF - towards future financing up to the equivalent of arrears outstanding at the outset of the programme.

B. DEBT OWED TO PRIVATE BANKS

20. A notable event on the private debt front during the past 12 months was the start made in implementing the strengthened debt strategy, adopted following the initiative proposed last year by United States Secretary of the Treasury, Nicholas Brady. Agreements were reached first with Mexico, the Philippines and Costa Rica, followed later by Venezuela and Morocco. Those agreements offer creditor banks various options of debt and debt service reduction and new money lending. To date, the choice of banks has been known only for the Mexican, Philippine and Costa Rican deals. Very few new restructuring agreements were signed outside the Brady framework 13/ and some concluded previously have become inoperative. Arrears on commercial bank debt have continued to accumulate, almost trebling to $18 billion between end-1988 and March 1990.

21. Debt and debt service reduction has appeared as a central element of the strengthened debt strategy. However, the amount of reduction in prospect falls considerably short of what is required. 14/ One study estimates that the Mexican

agreement will increase its cash flow by about 2 per cent of GDP, that is, about half that country's target; it also concludes that most of the relief reflects the restructuring of principal repayments other than the reduction in interest payments or in debt itself. 15/ Similarly, the Philippine agreement is more akin to a conventional rescheduling than debt reduction. 16/ In both the Mexican and Philippine agreements, debt reduction operations are counterbalanced by debt increasing ones. 17/

22. Stimulating alternative sources of private capital and the reversal of capital flight are also part of the debt strategy. As regards other sources of financing, however, almost all types of capital flows to debt-distressed countries have declined altogether over the past eight years. Foreign direct investment to the 15 highly indebted countries, for instance, declined after 1982 and, despite efforts by their Governments to encourage it through liberalization policies and new incentives, in 1988 inflows of foreign investment were at about half their 1982 level in real terms. The macro-economic disorder and sluggish growth associated with the debt overhang has acted, and continues to act, as a powerful deterrent to the repatriation of capital and to foreign investment. Neither should be expected to take place on a large scale as long as the unsettled economic conditions prevalent in debt-distressed countries persist.

23. The present approach thus depends critically on increased new lending by banks. It is often argued that adequate solutions can be found by giving creditors the options either to reduce debt and debt service or to provide new money. The extent and strength of creditor banks' interest in providing new money is, however, questionable. A number of impediments to new lending exist, including the low perceived credit worthiness of most debtor developing countries, owing in large part to a lack of sustained improvement in their external financial positions, as well as competitive pressures in the banking industry and new regulatory requirements (for instance on capital adequacy). 18/ Some of these impediments have intensified over the years. For instance, between mid-1989 and early 1990 a number of banks in the United States, the United Kingdom and Canada undertook a second round of reserve increases, thus increasing further the cost of new lending, since reserves would presumably have to be expanded in parallel with any new loans.

24. Finally, the experience of the three Brady deals implemented so far (Mexico, Philippines and Costa Rica) shows how difficult it is to obtain new lending. In the Mexican and Philippine agreements, for instance, the amounts of new money raised fell far short of expectations. 19/ In the Costa Rican agreement, no attempt was made to obtain new money.

25. Some other features of the agreements implemented to date have given rise to concern. For one, the agreements have rendered the remaining debt more difficult to restructure. A large proportion of bank loans have been transformed into bonds and those have been perceived as exit instruments since they generally exempt the holders from future restructuring and new money calls. Furthermore, additional multilateral debt (which in principle is not possible to restructure) has been incurred. Second, the agreements contain recapture clauses for creditors in the event of a significant rise either in the price of petroleum (in the case of Mexico

and Venezuela), or in GDP growth (in the case of Costa Rica). But no recapture clauses in favour of debtor countries, in the event of a significant deterioration in their economic situation for instance, is included in those agreements. Such an asymmetry would be justifiable only if debt and debt service were reduced by a sufficiently wide margin to reduce vulnerability to external shocks.

26. The implementation of the Brady initiative has suffered from the absence of internationally set targets for the medium-term cash flow and debt profile of the country whose debt problem is being addressed. As a result, there has been a tendency for the extent of debt and debt service reduction to be shaped by the balance of negotiating strength rather than by objective needs. In some of the recent agreements, the imbalance in negotiating strength was offset in part by the United States Government. However, this is not part of the formal architecture of the strategy. In the Costa Rican agreement, the decision of IMF and the World Bank to provide financial support to the country's adjustment programme despite its arrears, greatly helped persuade banks to sign the agreement. Such an attitude towards financing assuranes by multilateral financial institutions, more systematically applied, could be a powerful instrument in increasing the scope for debt and debt service reduction. However, recent discussions within the Group of Seven and IMF suggest that such a course may not be followed.

III. CONCLUSIONS

27. At the present juncture, it is impossible to foresee the full economic consequences of events in the Persian Gulf. The conclusions drawn in the following paragraphs as regards the debt strategy implicitly assume that the adverse economic impact of the crisis on debtor countries will be relatively short-lived and largely offset by additional external finance. Should either of these assumptions prove to be wrong, further consideration of the debt strategy would be required that goes beyond the issues raised below.

28. For many heavily indebted developing countries, both low-income and middle-income ones, it is increasingly recognized that debt and debt service reduction must be given more prominence in the debt strategy and that such reduction must be implemented by a wider range of creditors. Policies to put into effect this broadly shared view have already gathered momentum in the past 12 months with the wider application of Toronto terms to low-income countries, the conclusion of a number of debt and debt service reduction packages under the Brady plan, several unilateral initiatives regarding debt reduction by official creditors and the proposals made by some creditor Governments involving further measures to reduce the official debt burden, thus broadening the scope for policy action.

29. Nevertheless, the progress made in the implementation of the debt strategy has been limited. The amount of debt reduction that has been negotiated so far has been modest and has not led to the restoration of normal creditor-debtor relations, external viability or robust growth in most highly indebted countries.

30. With regard to the debt owed to official bilateral creditors, there has clearly been some progress in alleviating the debt burden of low-income countries. The Toronto agreement has marked a significant step forward by providing for the

rescheduling of official debt on concessional terms. However, the degree of relief granted is inadequate as it falls far short of what is needed in order to match the debt servicing capacity of low-income countries. Several proposals have been made recently by creditor Governments that point to the need for a much bigger reduction of debt and debt service for these countries. Urgent consideration of those proposals should occur during the period ahead and actions flowing from this consideration must undoubtedly result in a further substantial strengthening of the debt strategy. 20/

31. The issue of official debt of lower middle-income countries has also received increasing attention by creditor countries. The new Paris Club policy for heavily indebted countries in this category represents a step in the right direction, but a timid one. Many of these countries will need reduction of their official bilateral debt. For them, debt reduction by commercial banks alone is not enough: official bilateral creditors also need to reduce their claims. In this regard, expeditious consideration should be given to the recent French proposal calling for a more diversified menu incorporating options involving debt and debt service reduction. 21/

32. The issue of arrears with multilateral institutions is one aspect of the global debt problem that should continue to be tackled in a co-operative spirit and through a growth-oriented approach. The priorities in this respect are a substantial increase in net transfers from multilateral financial institutions and urgent implementation of measures to alleviate the debt servicing burden and eliminate arrears. Recent increases (sometimes long delayed) in the resources of a number of multilateral financial institutions mean that multilateral lending could be set for further expansion. 22/ Moreover, multilateral financial institutions and donor countries should give urgent consideration to further measures to alleviate the burden of multilateral debt, while safeguarding their sound financial basis, as recommended by the Second United Nations Conference on the Least Developed Countries. These measures could include the strengthening and widening of existing mechanisms such as interest rate subsidies or refinancing schemes funded by reflows or special trust funds. 23/

33. With regard to debt owed to commercial banks, in general the emphasis in financial packages for highly indebted countries should be on debt reduction rather than new lending. In each case, the negotiation process should be anchored on authoritative estimates of the country's debt reduction and cash flow needs. The multilateral financial institutions could play a useful role in this regard. IMF should continue to support, in appropriate cases, the country's adjustment programme even in the absence of an agreement with private creditors. Providing creditors with additional incentives to engage in debt and debt service reduction on a larger scale and to accept steeper discounts in such operations would also be useful. A wide variety of proposals in this vein have been put forward in recent years, for instance, to establish an international debt facility.

34. National laws and regulations could also be directed more effectively towards achieving adequate levels of debt and debt service reduction. One recent suggestion (made with European countries in mind) is that creditors should qualify for tax deductions on their loan-loss provisions only to the extend that they

participate in debt reduction packages. Another (made with the United States in mind) is that creditors who fail to participate in debt reduction packages sanctioned by IMF and the World Bank should be required to make special provisions on their loans and should not be eligible to tax relief on losses.

35. The scale of consensual debt and debt service reduction needs to be enlarged very considerably if unilateral steps are to be avoided. However, the combination of additional incentives and disincentives chosen in order to enlarge the scale of debt reductions should not be tilted in favour of increased financial support from the World Bank and the regional development banks. Unless additional funds are put at their disposal, such support could reduce lending for new investment, which is the key to successful adjustment.

Notes

1/ See table IV.2, p. 82, in World Economic Survey 1990, United Nations.

2/ For a detailed examination of the net transfer and its impact on domestic economies, see the report of the Secretary-General on net transfer of resources from developing countries (A/45/487).

3/ See UNCTAD, Trade and Development Report, 1990, table 16, and Survey update.

4/ For an assessment of the economic consequences of events in the Persian Gulf and a discussion of possible policy responses, see: "Economic consequences of the present crisis: a preliminary assessment" (TD/B/1271).

5/ World Economic Survey 1990, op. cit., table IV.3.

6/ After an unsatisfactory experiene with MYRAs in 1985 and 1986, there was a return to them in 1989 and 1990 for seven rescheduling countries. In each case the length of consolidation period was covered by a medium-term IMF programme, under either the extended Fund facility, SAF or ESAF.

7/ Benin, Central African Republic, Chad, Equatorial Guinea, Guinea, Guinea-Bissau, Madagascar, Mali, Mauritania, Mozambique, Niger, Senegal, Togo, Uganda, United Republic of Tanzania, Zaire and Zambia.

8/ For a more detailed discussion of the Toronto agreement and its implementation see UNCTAD, Trade and Development Report, 1989, box 7, and UNCTAD, "Debt and managing adjustment: attracting non-debt-creating financial flows and new lending" (TD/B/C.3/234), paras. 15-21.

9/ The Government of the Netherlands has subsequently elaborated its proposal by calling for a gradual cancellation of bilateral official debt, made conditional on the implementation by debtor countries of sound economic policies in the context of IMF programmes (see Press Release No. 52 of the 1990 Annual Meetings of IMF and the World Bank Group, 26 September 1990, pp. 3 and 4).

Notes (continued)

10/ See the communiqué of the Meeting of Commonwealth Finance Ministers, Port-of-Spain, 19 and 20 September 1990.

11/ Cameroon, Congo, Côte d'Ivoire and Gabon.

12/ For each eligible debtor country, such conversions may be applied to up to 100 per cent of ODA loans and direct government credits, and up to 10 per cent of guaranteed export credits or up to $10 million, whichever is higher.

13/ Zaire reached agreement with its creditor banks to defer payments of its arrears and principal due in 1989 and early 1990; Jordan agreed in principle with its creditor banks on a restructuring package, including some new money; and Honduras (whose 1987 agreement in principle proved stillborn) arrived at an agreement with two of its main creditor banks to reschedule part of its outstanding obligations. Colombia was able to obtain the refinancing of most of its bank debt due in 1989-1990. On the other hand, the agreements signed in 1988 respectively with Brazil and Côte d'Ivoire have collapsed. Negotiations on a new agreement on Brazil's bank debt started in October 1990.

14/ See, for instance, UNCTAD, Trade and Developmnt Report, 1989, Part One, chap. II, sect. B. On the adequacy of debt and debt reduction attainable, see also World Bank, World Debt Tables 1990, vol. I, p. 25.

15/ For a detailed study of the Mexican agreement and quantitative estimates, see World Economic Survey 1990, op. cit., pp. 88-91.

16/ Ibid., p. 92.

17/ In the case of Mexico, $7 billion was written off in the exchange for bonds, but the debt also increased by about $7 billion ($5.7 billion from official creditors and $1.4 billion in new money). In the case of the Philippines, the country borrowed $560 million to write off old debt and issued $700 million of new money bonds, reaching a total close to the $1.3 billion retired through the agreement.

18/ New capital ratio requirements have been set by the 1988 Basel agreement on capital adequacy. (See UNCTAD, Trade and Development Report, 1989, annex 2.) For a more detailed examination of impediments to new lending, see World Economic Survey 1989, pp. 64 and 67, and UNCTAD, Trade and Development Report, 1989, pp. 43 and 46.

19/ In the Mexican deal, banks representing 47 per cent of the debt in the deal chose to convert their claims into reduced interest bonds at part; banks representing 41 per cent of the debt chose the discount bond conversion option. Banks choosing to lend new money account for the remaining 12 per cent, which is about half the figure that had been expected. In the Philippine deal (which offered to banks two options: a new money scheme and a buy-back operation), the amount of new money raised fell far short of the target set by the Government while

Notes (continued)

more tenders for buy-backs were received than could be accommodated. A number of creditor banks chose not to participate. For more details on these deals, see World Economic Survey 1990, op. cit., pp. 88-93, and UNCTAD, Trade and Development Report, 1990, pp. 27 and 28.

20/ On this issue, as well as on several other issues raised in this report, see resolution 388 (XXXVII) adopted by the Trade and Development Board of UNCTAD on 17 October 1990. That resolution, inter alia, urges Governments to expedite consideration of recent proposals concerning further measures to reduce the official debt burden.

21/ See Press Release No. 19 of the 1990 Annual Meetings of IMF and the World Bank Group, 25 September 1990, p. 2.

22/ These increases include, for instance, the ninth replenishment of IDA, the 50 per cent increase in the quotas of IMF, and the seventh general increase in resources of the Inter-American Development Bank. For more details, see World Economic Survey 1990, op. cit., pp. 85 and 86.

23/ See the Paris Declaration and Programme of Action of the Second United Nations Conference on the Least Developed Countries (A/CONF.147/Misc.9), paras. 42-45.